Lowdown on Lindbergh (Page 12)

THE FINANCIAL POST

The Canadian Newspaper for Businessmen and Investors

Largest Circulation of All Canadian Financial Papers

Vol. XXXIII Member of Audit Bureau of Circulations PUBLICATION OFFICE: TORONTO, OCTOBER 21, 1939 10c a Copy; $5.00 a Year No. 42

The Nation's Business

Aircraft Programme Must Be Soundly Based

CANADA'S aircraft industry stands on the threshold of the greatest period of expansion it has ever known. It will have a major job to do in linking industry with training in the great new Empire air programme announced last week.

An entirely new basis for the contractual relations of the Government and the industry will need to be established. This is in the interests of the industry as much as of the taxpayers.

In the past many airplane contracts have been let in Canada on a most unbusinesslike basis. Evidence of the truth of this statement will be found in an article elsewhere in this issue. "Cost-plus" contracts were let by Ottawa on terms that cannot be justified in sound business practice. It speaks well for the industry that the companies have, in some cases, declined to take full advantage of the profit possibilities in the contracts given them.

The minister under whose regime these contracts were let was Hon. Ian Mackenzie. Mr. Mackenzie is still a member of Canada's Wartime Cabinet. He is in charge of a department that spends $57 millions a year. Prime Minister King must make his government worthy of the support of the Canadian people. He can only do this by having each department manned by officials of integrity and sound business judgment. Mr. Mackenzie has proved himself unworthy of public trust. His retention in the cabinet is an affront to Canadians.

* * *

Radio Stations vs. Bombing Planes

PRIME MINISTER KING is shortly to make one or more radio addresses dealing with Canada's war effort. Such talks would open, presumably, a campaign of "leadership by inspiration" which this and other papers have been urging as essential to inform and inspire Canadians on the plan and purpose of this war.

Such messages are needed not only in Canada but in the United States. In that country a vicious, inspired campaign of anti-Allied propaganda is being broadcast far and wide.

Yet Mexican interference and the inland position of our five key stations prevent that story being told except for a very short distance across the border. Unless American stations rebroadcast addresses such as Mr. King's, voluntarily, they may not penetrate very deeply across the international border.

* * *

YET the power, influence, goodwill and co-operation of the United States may be the deciding factor in the war.

Canadians cannot tell this great nation what to do. But we can do our part in offsetting alien and anti-British propaganda, now so widespread there. Our American friends will listen to us when they might turn a cold shoulder to similar material from Great Britain.

High-powered radio stations along the border would cost this country about $250,000 each. That is the price of a crack bombing plane.

We spend money on bombers in time of war without question. Why might it not be a good investment to build a few radio stations to supplement our output of instruments of destruction with equipment which would peacefully penetrate the minds of our American cousins?

The benefits from a few well-placed radio stations to carry the story of the Allied war aims and effort into the U. S. A. might far outweigh a similar expenditure on bombers, in fact it might hasten the time when such expenditures could be curtailed.

* * *

Hepburn's Volte-face on Seaway Project

WITHDRAWAL of Premier Hepburn's objections to the St. Lawrence Seaway and power project, reported elsewhere in this issue of The Financial Post, make consummation of this programme a very real probability.

It will be remembered that when President Roosevelt visited Ivy Lea in August, 1938, to open a new St. Lawrence bridge, he made a vigorous plea that the draft treaty announced in May of that year be completed so the two countries could proceed at once with this project. Premier Hepburn (who had deliberately absented himself from the festivities) then wrote a scorching letter to Canada's Prime Minister, accusing him of "propaganda" and "squeeze-play." He re-emphasized his view that Ontario had an ample supply of power "for many years to come . . . indeed a huge surplus." He reiterated his stand that the Ontario Government would "resist any effort to force us to spend public funds in such an unwarranted manner."

The net result of this Hepburnian excoriation was that Ottawa decided to take no action to implement the U. S. proposals of last year. The St. Lawrence project has lain fallow now for more than a year.

* * *

MR. HEPBURN has now, apparently, changed his mind. The advent of war plus a sharply rising demand curve for power throughout Ontario has seemingly led him to realize the truth—namely, that the power surplus of which he boasted may vanish very quickly.

Ontario is faced with no immediate

(Continued on page 2, col. 2)

Quebec Vote Result Seen Still in Doubt

Duplessis Return Probable But Liberals Gain Ground

FISCAL ISSUE

From Our Own Correspondent

MONTREAL.—Probable result of the Quebec election is still uncertain, but most independent observers expect Premier Maurice Duplessis and the Union Nationale party to be returned to power with a reduced majority.

The Liberals, on the other hand, are confident they will defeat Duplessis. This is especially true of Hon. Ernest Lapointe, federal minister of justice and spear-head of the attack on the Duplessis forces. The Liberal forces in fact appear to be gaining ground and it is yet possible for them to win the support of the majority of the electorate.

Paul Gouin and his Action Liberale Nationale forces are not an important factor. They will probably attract some votes from the Duplessis party, but are not conceded even an outside chance of winning the election. Mr. Gouin is in the peculiar position of attacking Canada's war effort, Premier Duplessis and the Dominion Government.

Will Lose Seats

If Premier Duplessis is re-elected it will be with a substantially reduced majority. The urban areas are expected to vote against him. He has little or no chance of securing a representative in constituencies where the population is predominately English. In fact, most of his English supporters have already deserted him.

As with most provincial elections in this country the outcome is dependent upon the rural districts. In proportion to their population the urban areas have a small representation in the Quebec Legislature. Thus,

(Continued on page 12, col. 1)

M. & O. Plan Filed in Court

Proposals Provide for Exchange of Securities, Simplified Capital

Trustees for Minnesota & Ontario Paper Co. have filed a plan of reorganization with the United States District Court at Minneapolis. Hearing on the new plan is to take place on Nov. 27, 1939.

Under the proposals, bondholders, noteholders and creditors would receive the following for their claim.

For each $1,000 of present 6% first mortgage bonds the holder would get $400 principal amount of new 4% first mortgage income bonds and 40 shares of common stock. The present bonds are outstanding in three series, A, B, and C. Interest on the series A bonds due April 1, 1931, and later is in default, while on the series B bonds, default occurred July 1, 1931, and on the series C bonds on May 1 of that year.

To equalize the status of all classes of bondholders it is proposed to give holders of series A bonds a cash payment of $70.50 for each $1,000 bond and holders of series C bonds $5. Series B bonds would not get any cash payment.

Holders of the 6% gold notes, due 1931, with interest due March 1, 1931, and later in default, would get $7.50 in cash and 30 shares of new common stock for each $1,000 note.

Holders of other unsecured debt would get 30 shares of new common stock for each $1,000 of claim.

New Company

A new company would be formed, under this plan, which would have the following capitalization:

Proposed Capitalization

	To be author.	To be issued
4% 1st closed collateral bds.	$9,760,000	$9,760,000
Com. shares	1,500,000 shs.	*1,324,393 shs.

*In addition, 20,151 shares would be reserved for issuance in acquiring claims against Canadian subsidiaries and 155,456 shares reserved for general corporate purposes.

There are $15.4 millions of series A bonds, due 1930 to 1945 now outstanding; $4 millions of the series B issue, due 1948; and $3.5 millions of the series C issue, due 1950, a total of $24.4 millions in all.

The new bonds would be designated 4% income bonds and would be secured by a closed first and collateral mortgage.

Under the proposed scheme the common stock would be divided as follows:

Distribution of New Common

To be given to:	No. of Shares	% of Total
Present bondholders ..	976,000	73.7
Present noteholders ..	105,000	7.9
Other unsecured creditors	243,393	18.4
	1,324,393	100.0

Plan provides for a board of seven directors for the new company, which would be incorporated in Minnesota. Four of the new directors would be selected by the court from nominees of bondholders and three from representatives of unsecured creditors.

The trustees recommend that the new company should simplify its capital structure by absorbing or liquidating a number of its present subsidiaries.

No Price Ceiling in Plane Orders

Facts Presented About Six "Cost-Plus" Contracts Let by Defense Department —Similar Unbusinesslike Methods Must Be Avoided in New Air Programme

Within the next few months Canada will have to grapple with the problem of expanding aircraft production on an enormous scale. The Dominion is to be a key air arsenal of the Empire.

Official figures as to the cost of the air force training and building programme announced jointly by the senior Empire Governments on October 10 are lacking. It is obvious, however, that the plan when fully developed will involve expenditures running into the scores and possibly hundreds of millions of dollars.

It is logical that Canada should be the air manufacturing and training centre of the Empire.

Canadians have proved themselves among the world's finest pilots in peace as in war. We have learned to use the airplane to meet our own problems of geography. We have bridged great distances and developed our natural resources by use of the airplane.

We have industrial skill and the beginnings of a fine aircraft manufacturing industry.

Our manufacturing facilities are comparatively free from the danger of enemy attack. They are nearer to Great Britain than other overseas industrial areas of the Empire.

* * *

Some major share of the cost will be borne by the Canadian taxpayer. Which is as it should be. This country could make no more effective contribution to the Allied cause than the mobilization without stint of its men, money and materials for the war in the air.

* * *

Expansion on the scale contemplated in the new Empire air scheme will raise numerous problems, both technical and financial. One of the most difficult of these will be that of spending money efficiently while getting results quickly.

This will not be easy.

Building military airplanes is at best a complicated and costly operation. Building them in a hurry is even more so. Prices paid for planes will have to allow for costs due to an emergency rate of expansion of an aircraft industry which, it must be frankly admitted, is barely out of the pioneer stage.

Moreover, much of the fixed capital to be mobilized for the emergency will have little or no commercial outlet after the war. If this capital is to come from private industry, generous provision will have to be made for its amortization.

On the other hand, every precaution will have to be taken to see that the country—and the Empire—get full value for the money spent. There must be no muddling, no improvident spending, no political or personal favoritism in the awarding of contracts.

This objective can be attained only if there is complete liquidation of the waste, incompetence and political log-rolling which characterized the administration of the Department of National Defense under Hon. Ian Mackenzie.

* * *

Included in the legacy left by Mr. Mackenzie are six cost-plus contracts for the manufacture of military aircraft, all of which are still in process of execution.

These contracts date from the period June, 1937, to April, 1938. They cover the production of 63 airplanes of three types which here will be referred to as Types I, II and III. There are on order 17 planes of Type I, 18 of Type II and 28 of Type III. One type is being made by each of three producers.

Though varying in detail, all six of the contracts are similar in general pattern to the Hahn contract for Bren machine guns, providing for payment of 10% profit on an enumerated series of costs.

Since the contracts provide no "ceiling" to costs and no limit to aggregate profits, no one—not even the Government—can say how much the 63 airplanes will cost until the last one is finished.

Present indications are that the total amount payable under the six contracts will be not less than $4,300,000. It may be much more.

The contracts provide for the payment of 10% profit not only on direct costs but on audit fees, travelling expenses, executive salaries, legal fees, premiums on insurance and municipal taxes.

They also provide for the payment of a 10% profit on depreciation paid by the Government and on the cost of additions to buildings paid for by the Government.

Seven-year exclusive licenses for the Canadian manufacture of two of the three types of planes were granted, although the plants of the contractors holding these two licenses are of a size that would make anything approaching mass production out of the question.

All three licenses were granted on terms which indicate that the licensees were selected by the Department.

One of the planes is obsolescent though its allotted production is not yet completed.

Completed units of Type III plane now in the possession of the Air Force cannot be used because the Department neglected to provide a sufficient number of propellers. Presumably the Department knew that propellers would be required for these planes when they were ordered in February, 1938, more than a year and a half ago.

Initial deliveries on all three types of planes were behind schedule. The first plane of Type I was delivered 14 months late. The first of Type II went up for test some weeks ago but the latest report is that it has not yet been delivered to the Government. It is now more than 11 months behind schedule. The first of Type III was delivered more than five months late.

The contracts for Type III plane provide for forfeiture of $3,500 a plane in case of failure to deliver on schedule but imposition of the penalty is so hedged about by restrictions that it would be extremely difficult to enforce.

No specific penalties for late delivery are provided in the contracts for the other two types.

Various reasons are cited for the delays—production difficulties met in the fabrication of unfamiliar types of planes, difficulties in securing materials, departmental "red tape," delays due to changes in design.

Such are the highlights of these six cost-plus contracts.

* * *

Here are further details of the terms of the contracts and the circumstances surrounding the transactions:

All three types of planes are being produced under licenses from the originating companies in Great Britain. The terms of the licenses indicate that in effect the Canadian contractor was selected by the Department of Defense. All three licenses were to become void within 90 days if no order was secured from the Canadian Government within that period.

According to drafts of the documents tabled in the House of Commons, two of the licenses give the contractor the exclusive right to manufacture in Canada for seven years. This means that in an emergency such as now exists no other producer in Canada could manufacture these planes without coming to terms with the licensee. The third license is for seven years but is non-exclusive.

All six contracts provide for the payment of "all costs properly incurred" in the carrying out of the contract, plus—with certain excep-

(Continued on page 2, col. 5)

Wheat Congestion May Hit Railway and Ship Earnings

From Our Own Correspondent

MONTREAL.—Slowing up of the movement of grain may mean lower earnings for the Canadian Pacific and Canadian National Railways and the Canada Steamship Lines than was expected a few weeks ago.

Dividend Is Increased By Rolland Paper Co.

From Our Own Correspondent

MONTREAL.—Rolland Paper Co. has declared a dividend of 22 cents a share on its common stock, payable Nov. 15 to shareholders of record Nov. 4.

After Protest Britain Renews Wheat Buying

Wanted Canada to Take Over Crop and Markets

ROUMANIAN DEAL

From Our Own Correspondent

OTTAWA.—A brief but spirited duel between Ottawa and London last week brought the British Government back into the Canadian wheat market. Over the week end the Old Country authorities took more than a million bushels from Canada and heavy buying is now expected to continue.

Buying from Roumania

For several weeks previously the British Government had neglected the Canadian market, though during the same period had purchased a substantial block of Roumanian wheat and at close to double the price prevailing in Canada. Political not economic reason, it is believed, dictated this course. The buying tended to keep Roumania friendly to the Allied powers, and the grain bought naturally represented so much food kept out of Germany. But this Roumanian deal had little to do with the lack of British buying in Canada.

Wanted Canada to Take Over

At the outbreak of war the British buying authority expressed a strong opinion that the Canadian Government should take over wheat stocks in this country and that future sales should be made direct between the British buying authority and the Canadian Wheat Board. When the Canadian Government declined to take over wheat stocks, close down the Winnipeg market and, presumably, declare some kind of a price to producers, the British purchasing authorities were reported disappointed and were quite frank in saying so. In fact they expressed their disappointment by withdrawing from the Canadian market. They were no longer interested in Canadian wheat.

In consequence of this attitude, wheat continued to pile up in Canada, the Wheat Board accepting vast quantities under the 70-cent minimum price enacted last session. It appeared that the British authorities were taking the line that, as Canada would not place wheat under government control, their best policy was to allow the wheat to pile up and break the market. Earlier they had bought the 10 million bushels at about 60 cents and seemed unlikely to be interested in our grain until the price fell back to approximately this point.

To Hold Prices

Believing that Canadian wheat is essential to Britain and not relishing the prospect of paying western farmers 70 cents and reselling to Britain at a lower figure, the Canadian Government advised London that purchases would be welcome—at the market price which is at or about 70 cents. It is more than probable that the Government informed London that sharp price rises, under buying pressure, would not take place. The Wheat Board has very large quantities of wheat and could feed it into the market as fast as Britain bought.

But the British answer was to reduce the amount of Canadian wheat in the British bread mix from 20 to 10%. And Britain bought large quantities of South American wheat as well as continental wheats.

Faced with a virtual boycott of Canadian wheat, Ottawa took its case direct to the British Government and latest cables strongly indicate that the policy of the British wheat-purchasing authorities is being reversed.

Western Pressure

Meantime the pressure from the West for a higher wheat price continues unabated. The representatives of the wheat pools were in Ottawa last week urging a price of about $1.15 per bushel. Their calculations were based on the rise in the prices of commodities which the farmer buys and they declared that a parity of wheat prices with other prices would work out in this way. They believe, however, that whatever the price may be, the British Government, and not the Canadian Government, should ultimately pay it. The Canadian Government would be the intermediary. Their suggestions were not acceptable to the Government.

Highlights

Food supplies for both domestic consumption and British armed forces will be a vital factor in the present war. Outlook for Canadian food companies is analyzed in a comprehensive review.—*pages 13-20.*

* * *

Blackout for Social Credit in Alberta, already twilighted by blunders of its sponsors, seems to be signalled by war and the emergency powers given the Dominion Government.

Social Credit Death Blow—p. 11.

* * *

Canada's iron ore resources and what the war may do to expand their present limited contribution to the country's iron requirements, are surveyed in the fifth article of the series on Canadian resources of metals needed in war.

Canada's War Metals—Iron—p. 23.

General Index on p. 2.

Ontario Power Load Increases

Primary load of the Ontario Hydro-Electric Power Commission's Niagara System showed an increase of 9.3% in September over the same month last year.

Loads on all systems showed marked increases, with northern Ontario properties the greatest. All systems, with the exception of Thunder Bay, showed increases in a combination of both primary and secondary power loads.

Ontario Hydro-Electric Power Monthly Summary of Loads (Maximum 20-minute peak h.p.)

System:	Sept. 1939	Sept. 1938	Incr. %
Primary Loads:			
Niagara	1,101,474	1,007,775	+ 9.3
Eastern Ont. .	141,201	126,240	+11.9
Georgian Bay	36,536	30,952	+18.0
Thunder Bay .	98,934	95,824	+ 3.2
Northern Ont.	165,124	132,202	+24.9
Total	1,543,269	1,392,993	+10.8
Primary and Secondary Loads:			
Niagara	1,317,828	1,218,767	+ 8.1
Eastern Ont. .	173,520	158,157	+ 9.7
Georgian Bay	36,536	30,952	+18.0
Thunder Bay .	131,917	136,019	— 3.0
Northern Ont.	213,382	178,449	+19.6
Total	1,873,183	1,722,344	+ 8.8

Lifted U.S. Embargo Seen Help to Canada

Will Obviate Mushroom Growth of Branch Factories Here

By RONALD A. McEACHERN
Staff Writer, The Financial Post

What will be the real effect of United States neutrality legislation on Canada?

Buried deep in the torrent of political rhetoric daily pouring from Washington on the neutrality issue are some points whose implications are of the highest importance for Canada and Canadian business.

How will U.S. neutrality legislation affect the flow of U.S. money to Canada? How will it affect Canadian securities, bonds and stocks, now in the hands of American citizens, corporations, etc.? How is it likely to affect Canadian industry?

General Import

It seems fairly certain that the new U. S. neutrality legislation will sell anybody anything for cash, that is, repeal the arms embargo and demand cash and carry.

Based on the form of neutrality which now seems likely to be adopted, there are two general results for Canadians:

Canadian manufacturers need not take the view that lifting the arms embargo is going to result in most of the Allied war business going to the United States.

"There will be all the business that Canadian firms can handle," a key figure in the Dominion's war effort told this writer. "Taking the longer-term view of what happens when peace comes the present U. S. Neutrality Act, forbidding sale of arms to belligerents, presents a very serious danger to Canadian business. It would be almost sure to result in mushroom growth of industries here which would mean that most of them would perish with peace, with serious consequences for thousands of workers and for Canadian business as a whole. Canada will get all the war business good for it—perhaps more."

Second, an important source of new money for Canadian bonds or for Canadian enterprise may be closed off which will perhaps affect some individual interests. But it will not have the very serious effects on Canadian business which similar action would have had at the opening of Great War No. 1, or even a dozen years ago.

Present Status

Where does the neutrality issue stand now? Let's get the record straight.

1935—First U.S. Neutrality Act, passed to appease the clamors of the rampant isolationist group.

1937—A Joint Resolution of Congress extended the life of the aabove Neutrality Act against the wishes of Roosevelt. "I regret that Congress passed that Act. I regret that I signed that Act," he said.

July 14, 1939—Roosevelt asked Congress to amend the Neutrality Act. He was thunderously refused.

Sept. 21, 1939—Roosevelt called Congress into a second session and repeated his request for an amended Neutrality Act. Senator Pittman of the Senate Foreign Relations Committee introduced a different neutrality scheme. This is the one currently getting most of the publicity.

Here are the essential provisions of the First Neutrality Act, the Act that still stands:

1. It is unlawful to export arms, ammunitions or other "implements of war" to the belligerents, or to a neutral country for transhipment to a belligerent. It is quite within the law to sell copper, petroleum products, cotton, and other commodities which may be more important than all-ready-to-shoot howitzers. A long

(Continued on page 2, col. 7)

Hepburn Conversion Revives St. Lawrence Seaway Pact

Completion of Huge Power-Navigation Project Now Possible — Ontario's Premier Removes Major Stumbling Block by Decision to Co-operate

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OTTAWA.—Completion of the great $500 millions St. Lawrence seaway and power project as an immediate undertaking between Canada and the United States has now become a distinct possibility.

Within the past few weeks, the major stumbling block to Canada's participation in this undertaking, has been removed, The Financial Post is informed. That stumbling block has been the bitter opposition of Premier Mitchell F. Hepburn to participation by his province in the undertaking.

When Premier Hepburn visited Prime Minister King recently to offer Ontario's co-operation in the nation's war effort, it is understood he told the Prime Minister frankly that he was now prepared to co-operate in completing the Seaway project.

Ottawa's answer to this proposal is not yet known. But in May, 1938, the Canadian and the United States Governments had reached a virtual accord on a proposal for a new treaty. The major stumbling block since then in Canada has been the opposition of Premier Hepburn.

Power Demand Rising

Presumably the outbreak of war and a sharply rising demand for power has caused Mr. Hepburn to completely reverse his avowed opposition to a financial commitment by Ontario in respect of the seaway. In recent months, industrial and municipal power demand on the Ontario hydro system has risen sharply. Even without the impetus of war business, primary power loads on the five major divisions served by the Commission have been rising as much as 10% above corresponding figures for last year. Figures released by the H.E.P.C. for September show that demand in that month was 10.8% greater than the same month last year. In the vital Niagara area, power load was 100,000 h.p. or 9.3% higher than in September, 1938.

The peak load does not come until November or December. By that time, and especially if dark, cold weather coincides with rising demand for power on account of war activity, it is not improbably that hydro peak loads will be as much as 150,000 h.p. above last year's mark.

Reserves Dwindling

Ontario hydro still has reserves on which to draw to meet this demand. The chart published elsewhere in this issue shows adequate "ceiling" to carry the province this winter and probably through 1940 as well. If necessary, during the winter of 1940, the province might advance the time at which its purchases of Quebec power are due to be delivered. Then, too, the province, as reported in The Financial Post on Oct. 14, is said to be dickering with at least one Quebec company for additional power over and above amounts now contracted for.

But if power demand keeps rising with anything like the rapidity of recent weeks, it is obvious that the long-term power outlook for Ontario is serious. It is not at all improbable that the province might absorb all present available sources of power by the time peak conditions begin in the fall of 1941. By that time it would be imperative to have found new sources of power or to have found ways and means of conserving present supplies.

Alternatives Must Be Faced

Clearly then, the Ontario Hydro-Electric Power Commission must shortly cast about for new sources of power. Were a treaty along the lines of the draft proposal submitted to Canada in May, 1938, by the U.S. to be consummated, this source of additional power might well be

(Continued on page 2, col. 2)

Canada at War

Extended in this issue is The Financial Post's brisk, reliable and comprehensive coverage of all phases of war reaction on Canadian activity. Following is an index of the chief items of reports on the effect of war developments in business, industrial and political spheres.

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British Ready To Order Soon

Substantial Contracts in Canada Reported in Offing

From Our Own Correspondent

OTTAWA.—The British Mission in Canada which is to place war orders here for the British Government, is about to get into action and place "very substantial" orders here "in the very near future," The Financial Post is informed.

Already some small contracts have been let, some of an "educational" nature for Canadian industry, the total amounting, it is believed, to be less than $10 millions.

The British Mission is not "stalling," either because of current fight over neutrality in the United States, because of a belief that the war is unlikely to continue for a considerable length of time or because of difficulty about arranging payment of Canadian producers by the British authorities, The Financial Post is assured.

Feeling in some circles had been growing that the British Mission which has been here for weeks, has been doing little; that the successive contingents of British representatives sent here to make full use of the industrial capacity and raw materials of this Dominion indicated either confusion or indifference on the part of official Great Britain.

None of these charges is justified, it now appears. Early members of the Mission did not have the authority to place orders. Collection of information and analysis of Canadian plant capacity was their assigned duty.

Payment for British purchases of war supplies in Canada will not for the present or near future at any rate, present difficulty, it is believed. The British Government already has very substantial credits in this country.

So far as the Canadian producer filling a contract for the British Government is concerned, he will get paid in Canadian dollars, ordinarily on the usual commercial terms of the particular trade, 90-days for some commodities, different contractual arrangements in others.

Contest Entries Start to Arrive

Presentation of Argument Will Have Bearing On Final Selection

Entries in The Financial Post's contest on "Investing in Wartime" have been coming in for the past few days but there is still plenty of time to prepare and submit an answer before Nov. 1.

Evidence of the interest in this contest is clear from the enquiries submitted. One point which seems to be bothering potential contestants is the manner of presenting the material in the article accompanying the entry.

Study of the conditions shows that the specific list of securities chosen by each contestant must be given along with certain essential information. The suggested information is regarded as the minimum and any other pertinent figures or summaries should also be tabulated separately, along with the portfolio.

Also it should be stressed that the arguments presented in favor of the portfolio chosen and the reasoning behind the proportionate relationship of various securities such as bonds or stocks—mines, industrials, utilities, or whatever is chosen—will count for or against the contestant. In other words, The Financial Post is not setting itself up as the judge of what is the ideal portfolio but more as the judge of your methods of presenting your ideas and the logical arguments advanced.

Further information and details of the contest will be found in the announcement on page 4.

Hat News
FROM
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SUCCESSION NEW
DUTIES ACT
... ONTARIO 1939

The provisions of the new Succession Duties Act (Ontario 1939) might possibly make it advisable to change the terms of your Will . . . Our Trust Officers will gladly advise you without obligation in any matters which may give you cause for doubt.

CHARTERED TRUST
AND EXECUTOR COMPANY
34 KING ST. WEST TORONTO
152 ST. JAMES ST. WEST MONTREAL

QUEBEC POWER COMPANY

NOTICE is hereby given that a dividend of twenty-five (25c) cents per share has been declared on the no par value common shares of this Company for the quarter ended September 30, payable November 15, to shareholders of record October 24, 1939.

By Order of the Board,
JAMES WILSON,
Secretary.
Montreal, October 17, 1939.

The Nation's Business

(Continued from page 1)

danger of power shortage. Immediate or accessible reserves are ample to care for the needs of private and industrial users throughout the province for at least another year or two. But hydro power, in the huge chunks that Ontario has been absorbing it in recent years, cannot be plucked out of thin air on a moment's notice. Months, perhaps years of planning are needed to gear future supplies to a steadily rising curve of demand.

Had the province not rescinded the suicidal power contract cancellation of Mr. Hepburn's former Attorney General, Hon. Arthur Roebuck, the present plight of power users would have been calamitous.

* * *

Power Consideration Dominates Decision

IF THE province is to meet a sharply rising demand curve economically in the future and if the huge industrial enterprises of the province are to be assured adequate resources of power over the next decade, an early and affirmative decision as to the development of the St. Lawrence for power purposes is indicated. Under the 1938 treaty offer, U. S. would bear the lion share of the cost of completing the project. Canada's investment would be chiefly for power undertakings which would be self-liquidating.

If Mr. Hepburn and Mr. King can see eye to eye on this matter then there remains only the U. S. Senate as the needle's eye through which the camel must pass. And that feat may not be too difficult if Mr. Roosevelt gets a favorable response to his neutrality repeal legislation. Neutrality legislation favorable to the Allies would strengthen the position of the Canadian and U. S. governments in respect of war effort. It would greatly assist Mr. Roosevelt in his determination to press this seaway to completion as quickly as possible.

* * *

FEW NOW consider the vast St. Lawrence project, involving as it does, the expenditure of perhaps $400 to $500 millions of dollars as being primarily a navigation project. True, far-reaching navigation possibilities are involved, but the deciding economic factor is no longer navigation but power.

It is power which must pay the cost and bear the responsibility for making the seaway economically desirable. Power is the determining factor in Canada's participation—even though navigation may have an important influence, politically, in the U. S. decision.

Mr. Hepburn is to be commended for having cleared away his early indefensible objection to looking dispassionately at the St. Lawrence project in terms of Ontario's growing power needs.

Prime Minister King should now act promptly to see that every possible angle of a deal with the United States is explored, so that Ontario may be enabled to make wise, economical long-term provision for this most vital raw material.

* * *

Viner Report Alberta's Opportunity

BOTH the Alberta Government and holders of its bonds should give serious consideration to the report and recommendations of Dr. Jacob Viner, University of Chicago, on the Alberta debt situation.

Unlike the Aberhart Government, Dr. Viner thinks the province can pay more than it is doing now. At the same time he does not agree with the report of the Bondholders' Protective Committee that the province is able to pay contractual rates in full. He has, however, approached the matter in a practical and realistic way and on the whole his proposals are reasonable.

Dr. Viner's recommendation that Alberta negotiate a compromise with bondholders is one which the Aberhart Government should accept. It is not only in the interests of the Alberta Government, but also of every Alberta citizen and Canada as a whole, that the Alberta default be corrected and credit of the province restored. The default has been injurious to not only the credit of the government but of municipalities, individuals and corporations.

The proposal for negotiation with bondholders is reasonable. In fact, this is the course that should have been adopted in the first place. If this had been done, a solution for Alberta's problems would have been found. Certainly, the drastic and arbitrary cut in interest was never justified.

* * *

OF COURSE the Aberhart Government must be willing to make concessions. It may not like the recommendation to increase the income tax, but this may be necessary. One of the difficulties in the past has been the uncompromising attitude of the Aberhart Government. On more than one occasion The Financial Post has emphasized that bondholders would be willing to make concessions if the government would adopt a reasonable attitude.

A plan along the lines suggested by Dr. Viner should appeal to bondholders. It gives them a better deal than at present. The probable result would be a fair interest rate and greater security of interest and principal. At the same time, it would do much to restore Alberta's credit standing.

Bondholders, of course, may not want to enter into negotiations immediately. They will probably be inclined to await the report of the Royal Commission on Dominion-Provincial Relations to see what it suggests in the way of refunding. Out of the two reports it should be possible, however, to find a solution for the problem.

* * *

Should Canada Make Freewill Gifts to U. K.?

A CANADIAN businessman has written suggesting that something more "prompt and practical" be done by Canada to ease the war load on British taxpayers. He favors a freewill offering of say $100 millions.

The Brantford Expositor expressed the same thought in a recent editorial. It suggested that "some magnificent gift should be made that is worthy of the Canadian people and the place they occupy in the Commonwealth of British Nations."

Other newspapers and citizens have suggested such specific contributions as 100 million bushels of wheat; dried apples, etc.

* * *

THE FINANCIAL POST believes it would be unwise for the Canadian Government to make such contributions out of public funds at the present time.

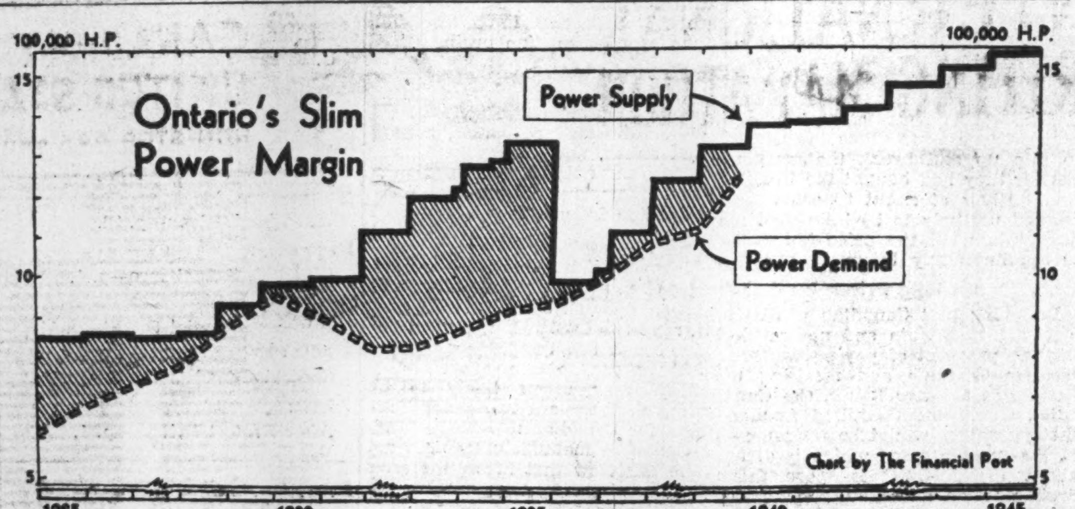
Apart from the heavy out-of-pocket cost of financing an expeditionary force, the purchase of essential war materials, training of air force, etc., the great responsibility of the Minister of Finance is to conserve Canada's credit so that we may be able not only to finance our own war effort but to help Britain finance her purchases here.

Already, by its Exchange Control regulations, Ottawa has made a tremendous contribution toward conserving our national financial resources. We have given our credit a black eye because financial mobilization was necessary if we were to stand by Britain. Few people realize as yet the meaning and potentialities of this step. If Canada did nothing else this would represent a contribution of the very first magnitude.

* * *

AS A NATION our most important responsibility just now is to conserve resources to ensure our financial strength and liquidity for the duration of the war. The $200 millions short term loan arranged through the banks last week, our special war taxes, are further steps already taken to facilitate production and financing of war effort.

The Government's chief responsibility is to conserve national resources for the heavy financial weather which lies ahead.



The thinning cushion of surplus power in Ontario is illustrated in the above chart. It shows the situation in the Niagara system of the Ontario Hydro-Electric Power Commission, the largest and most heavily industrialized of the Commission's various operating divisions. The upper line shows the total available power supply over various periods, as represented by the Commission's own generating capacity plus the power deliveries under the contracts with the Quebec power companies. The lower line shows power demand in the Niagara system with an estimated extension to cover probable peak load in 1939. Normally rising power demand has been intensified by advent of war.

Apart from speeding up in deliveries of contracted power supply as now scheduled and charted in the upper line, it is obvious that H.E.P.C. will be required to find additional sources of power before very long.

Hepburn Conversion

(Continued from page 1)

solved for a generation to come. Without any prospect of such a treaty, immediate alternatives will have to be found to meet present and future probabilities.

It is presumably this situation which has caused Premier Hepburn to change his mind and urge completion of the seaway immediately as a wartime measure to ensure adequate power supply for Ontario industry.

Reason for Ontario's Interest

The reason Ontario plays a decisive rôle in the waterway programme is that the chief commitment which Canada is being asked to make is an eventual outlay of between $100 and $120 millions to provide for hydro-electric power equipment on the Ontario side of the international section of the river. This expenditure (under the terms of the most recent U. S. proposal) might be deferred almost indefinitely but it would involve sooner or later a commitment to that amount by the publicly owned H.E.P.C. In return the province would be assured an eventual development of between 1,000,000 and 1,100,000 h.p.

It is this commitment which Mr. Hepburn has refused to undertake until his recent visit to Prime Minister King. Heretofore Mr. Hepburn has expressed the view that the province was already weighted down with a huge surplus of power and that a financial commitment by the province for more power in the St. Lawrence area—especially if this development would be paralleled by a similar supply in the United States—was unwarranted and unsound.

Hydro engineers have refused to commit themselves of late on this matter. But if past statements are any criterion they are favorable to power development in the St. Lawrence area. The latest estimate of these engineers suggested that by 1944 or 1945 Ontario's potential power supply sources would be exhausted. Present-day trends suggest that this period is now likely to be shortened by something like three or more years.

Recent History

Recent history in the St. Lawrence Greater Waterway covers an eight-year period.

Although it was 18 years ago that the International Joint Commission recommended that the two countries into a treaty to enlarge and improve the St. Lawrence seaway, it was not until 1932 (following negotiations which started in October, 1931) that such a treaty was signed. At that time the treaty failed to pass the U. S. Senate, although ratified by Canada. Subsequently (May, 1938) the U. S. Government submitted to Canada entirely new proposals offering us new and generous concessions.

Because present-day discussions on the St. Lawrence development centre around power rather than navigation, and because development of power in the Ontario section of the river would become the responsibility of the province, the Ontario Government has been an active partner in Canada's negotiations since the first treaty was drafted in 1932.

At that time Premier Henry of Ontario approved the St. Lawrence development and signed a parallel undertaking with the Dominion Government to complement the one between the two countries. Subsequently Premier Henry's successor in office, Premier Hepburn, opposed the treaty project.

That opposition flared out violently again in August, 1938, when President Roosevelt visited Canada to open the Ivy Lea Bridge near Kingston. Mr. Roosevelt urged the St. Lawrence development be completed.

This roused Mr. Hepburn's wrath and he added fuel to his personal feud with Prime Minister King by writing (and publishing) a letter expressing violent opposition to the whole idea. Since that time the U. S. proposition of May, 1938, and of which Mr. Roosevelt is a fervent supporter, has lain dormant.

Time Factor

One question which might rightfully be asked is whether or not development of the St. Lawrence waterway would be of any practical use to H.E.P.C. in meeting the demand situation which is expected to be created by the war.

Actually a two-stage power development in the international section of the river might produce power for Canada within 2½ years.

But under the most recent U. S. proposals, important and controversial matters affecting the flow of water in other parts of the Great Lakes systems would be settled simultaneously. These proposals, if accepted, would permit Canada to handle an additional flow through the Niagara system and provide an immediate addition of possibly 160,000 h.p. at that point. A further addition of possibly 100,000 to 150,000 h.p. might also be available within perhaps two years by utilizing (as a result of a new treaty) additional flow at Long Lac.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Farnham, P.Q.	Sept.	Locally	4%	20-yr.	$20,000	....	....
Burlington, Ont.	Sept.	Wood, Gundy & Co.	4%	1940-59	42,000	*95.73	4.40%
Dominion—							
Canada Treasury Bills	Oct.		...	Jan. '40	30,000,000	99.773	.880%
Canada Notes	Oct.	Canadian Banks	2%	1941	200,000,000	100	....

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

Bond Issues—	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Grey Nuns of the Cross of Ottawa	Oct.	Dube, Leblond & Co., Harris, MacKeen, Goss & Co., Banque Can. Nationale	4½%	1940-60	$203,000	100	4½%
Sisters of Charity of Providence, Montreal	Oct.	Paul Gonthier & Co.	4½%	1940-60	400,000	100	4½%

*Offering price.

No Price Ceiling in Plane Orders

(Continued from page 1)

tions—a profit of 10% on these costs. More than 50 specific costs are enumerated.

* * *

In addition to being reimbursed for both direct and indirect costs, the contractor is entitled under the terms of all six contracts to payment of 10% profit on these items among others:

Wages of direct labor.
Wages of indirect labor down to and including janitor service.
Payments to Workmen's Compensation Boards.
Engineering services.
Cost of materials, tools, jigs, dies, gas, oil and equipment. (Tools, jigs and dies become the property of the Government.)
Light, heat, power, telephone, office supplies.
Cost of alterations, repairs, maintenance and additions to buildings, machinery and equipment. (Additions to buildings not included in one contract.)
Audit fees.
Travelling expenses.
Cost of test flights.
Rentals of buildings or equipment.
Premiums on fire or other insurance.
Depreciation on buildings and equipment.
Municipal taxes. (School taxes included in one case.)
Legal costs including legal cost of preparation of the original contract.

Sales taxes, customs duties and royalties and license fees are included as costs but no profit is allowed on these items. Machinery which remains the property of the contractor is not treated as a cost.

Bank interest on loans is allowed as a cost in all six contracts. Three of the contracts entitled the contractor to 10% profit on such interest. No approval is required under one contract for the securing of loans and in no case is there a specified limit on the amount of loans or the rate of interest. Under such circumstances it is not surprising that the bank loans of one contractor increased 230% during the period of the contracts.

The rates of depreciation are specified but no valuations are stated in any of the contracts, this being left to a certified statement of the contractor's auditors. As already indicated the contractor is entitled in all cases to 10% profit on the depreciation charges.

None of the contracts places specific limits on the amounts of auditors' fees, legal fees or valuation for insurance purposes.

Where the contractor is engaged in other business, costs which cannot be specifically allotted are allowed up to the proportion which the costs entailed under the contract bear to the total costs of the business. The bulk of the current business of two of the contractors is provided by these Government contracts.

* * *

On the basis of the additions-to-buildings clause, the Government has paid for an extension to the plant of one of the contractors. It is believed that this addition remains the property of the Crown though it is structurally integrated with the plant owned by the contractor. In return the Government is said to have secured the right to use the contractor's airport for 40 years.

Until appointment of the Defense Purchasing Board, the only check on payments allowed under the contracts was the approval of the Minister who initiated the contracts; and in the case of some individual items this approval is not specifically required.

The bond clause in two of the contracts reads that a bond for performance of the contract shall be supplied **"if such can be obtained."**

* * *

According to copies of the contracts tabled in the House of Commons by the then responsible Minister, payment is to be made by the Government monthly on the basis of 75% of the monthly costs plus 75% of the 10% profit. The documents are on file in the Sessional Papers office at Ottawa where they can be inspected by anyone.

The annual financial statement of one of the contractors, on file in the Companies Branch at Ottawa, states: "The contract provides for progress payments of 90% on admitted costs and 90% of profit accruing thereon."

Details of this statement indicate beyond all doubt that payment on two of the contracts actually has been made on the basis of 90% of the monthly cost plus 90% of the 10% profit. It is stated on good authority that payments on the other four contracts are being made on the same basis.

Why this discrepancy between documents purporting to be true copies of these contracts formally tabled in the House of Commons by the then Minister of National Defense and the actual scale of payments? It seems clear that Parliament was grossly misinformed on a matter involving the expenditure of millions of public money.

* * *

It should also be noted that the monthly payments are made absolute under the contract whether or not planes are delivered according to schedule. **Payments of upwards of a million dollars were made to one contractor before delivery of a single plane.**

The type of plane ordered in 1937 under the initial contract of the series had gone out of production in Great Britain prior to the commencement of production in Canada.

This plane is now obsolescent as a first line service plane, though deliveries will not be completed until next year.

* * *

Lack of propellers for completed units of Type III plane has already been mentioned. These planes as they are finished are being ferried from the plant to an air station with one of the few available propellers. The propeller is then removed and taken back to the plant for further use. The propellerless planes meanwhile are standing idle in storage at the air station.

* * *

The cost-plus contract was not the only method of purchasing aircraft used by the Department during the period in which these contracts were placed. During the same period five other types of planes were ordered from as many manufacturers on a fixed price basis.

In the latter case, the manufacturers' only means of increasing profit was to lower costs by producing as efficiently, as economically and as speedily as possible.

In the case of the cost-plus contract, on the other hand, the profit incentive works in reverse: The higher the cost the higher the profit.

A reason offered for the use of the cost-plus method in one of the three cases under discussion was the lack of final cost production figures in England on which a comparative Canadian fixed price could be based. This reason could not have operated in the purchase of the other two types, as both had been in prior production in Great Britain.

Furthermore, it is known that as late as July of this year the Defense Department was pressing for the placing of further cost-plus aircraft contracts despite its experience with the contracts under review. One of these was for an additional 12 planes with a contractor who was then months overdue on deliveries on the original contract for the same type of plane. Moreover, at a time when no supplementary contract had been signed, the Department secured authority to empower this contractor to purchase additional materials to the extent of $192,000.

None of the orders for aircraft placed in this country by Great Britain have been on a cost-plus basis. The British have used various forms of what is known as the target-price contract. Under this type of contract if production costs run above a certain fixed amount the rate of profit return to the manufacturer goes down. If costs run under the fixed amount then the manufacturer gets a share of the savings in the form of a higher rate of profit. Competent authorities state that this type of contract if fairly administered provides adequate return to the producer while at the same time making it profitable for him to keep costs down.

* * *

The responsibility for the method adopted in placing the cost-plus contracts outlined above rests in one place and in one place only—with the Department of Defense as it was administered under Hon. Ian Mackenzie.

Certain of the manufacturers with whom The Financial Post has discussed the contracts state that they have not claimed all the payments to which they are legally entitled under the terms of the contracts.

One of them even went so far as to declare that the basis on which the business was placed was thoroughly uneconomic, that the expense of tooling a plant for the production of planes in such small numbers was bound to result in high costs, and that the only justification for the operation was the providing of insurance against emergency in the shape of development of potential capacity for the building of military planes.

Nevertheless, there is reason to believe that the authorities now charged with the responsibility of purchasing war materials regard the return which has accrued under these contracts as excessive. They have no power to enforce modification of the contracts, which are a legacy from Hon. Ian Mackenzie (still a member of the cabinet), but it is believed that they have asked the contractors to accept a voluntary downward adjustment of the rates of payment.

Irrespective of any adjustments which may be made in these contracts, The Financial Post submits that the facts cited above call for the most positive assurance that this method of handling government business shall not be projected into the new air force expansion programme.

There are better and more efficient ways of speeding up our air programme than pursuing the Mackenzie precedent of letting "cost-plus" contracts with no "ceiling."

YOU WILL FIND US HELPFUL IN A SCORE OF WAYS

YOUR BANK
AND
HOW YOU MAY USE IT

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BANK OF MONTREAL
ESTABLISHED 1817
MODERN, EXPERIENCED BANKING SERVICE . . . the outcome of 121 years' successful operation

U.S. Neutrality

(Continued from page 1)

list of chemicals are the only "raw materials" on the banned list.

2. Another clause makes it "unlawful for any person in the United States to purchase, sell or exchange, bonds, securities or other obligations of the governments of a belligerent state or any political subdivision thereof, or of any person acting for, or on behalf of the government of any such state."

This proviso is very important: "If such action will serve to protect the commercial or other interests of the United States or its citizens, the President may in his discretion and to such extent and under such regulations as he may prescribe, exempt from the operation of this section ordinary commercial credits and short-time obligations in aid of legal transactions and of a character customarily used in normal peacetime commercial transactions, but only if such credits and obligations have maturities of not more than 90 days and are not renewable."

A further proviso forbids such concessions to any government, political subdivisions or individual who is in default. Another proviso states: "The provisions of this section shall not apply to a renewal or adjustment of such indebtedness as may exist on the date" proclaiming the belligerency of a foreign state.

Basis of Issue

Those are the important items of the neutrality issue, certainly as they conceivably affect Canada.

The Roosevelt suggestion would permit sale of any war materials to anybody provided they pay cash and carry it away in their own ships.

The Pittman bill would permit sale to anybody of anything provided they carried it away in their own ships and, by a very recent concession on Pittman's part, are able to pay cash. Main difference between this and Roosevelt's view is that the Presidential powers are severely restricted. In other words, Pittman uses "the President shall" (i.e. must) where the other bill uses "may."

Fiscal Clauses

Financial clauses are the same in all proposals so far.

Reduced to cases, what do they mean?

Can a U. S. corporation or individual buy Canadian Government bonds?

New issues of Canadian bonds, whether they be Dominion, provincial or municipal, cannot be purchased by U. S. residents. All outstanding Canadian bonds—that is, bonds marketed prior to Roosevelt's declaration that Canada was a belligerent—can be freely purchased and traded by U. S. citizens, subject, of course, to such restrictions as imposed by the exchange control system.

In addition to government bonds, U. S. neutrality affects issues which are in any sense guaranteed by the Canadian Government or in which the Government has an interest. This would affect, for instance, obligations of the C. N. R., Hydro, of harbor boards and other Government authorities. If the Canadian Government should take an interest in munitions factories, these would come under the ban.

Can a U. S. corporation or individual buy bonds or stocks in Canadian companies?

This form of transaction is not interfered with by neutrality legislation, though it may be by exchange control regulations, or by the exchange rate of the Canadian dollar. In other words, neutrality legislation of itself has nothing to do with ordinary dealings in stocks and bonds of Canadian companies.

How does it affect direct U. S. investments in Canada? Take the case of an American firm with a branch plant in Canada. What happens if it wants to expand that plant? What happens if an American firm wants to build a plant in Canada?

Again, neutrality legislation does not affect corporate borrowing. Subject to exchange and other controls, the ordinary cross-the-border business of non-government companies is not affected.

Likely Outcome

Consensus of the most able observers, plus private advices to The Financial Post about the likely outcome of the neutrality feud, is this:

The arms embargo will be repealed.

The Senate will accept the Pittman bill, though this does not mean that the final measure will follow this brand of neutrality in every particular.

Oft-quoted opinion, especially in the United States, is that while the Allies dominate in ammunition, guns, food, navy and raw materials, they are weak in ability to mass produce fighting aircraft, and that this would be the vital U. S. contribution. As one distinguished Washington observer recently declared:

"Expert opinion is that the war may be a short one only if German air superiority becomes so pronounced that the Allies would have to succumb."

Roosevelt Hard-boiled

Roosevelt is taking quite a hard-boiled, realistic attitude, at least in his public utterances, on neutrality. He points out that the U. S. cannot sell planes to Britain, but that "neutral" Russia can buy all the planes she likes in America for "neutral" activity over Polish villages.

Roosevelt also points out that the present Act does not ban the sale of unfinished war materials. Hence, he argues, why shouldn't American business and American labor get the profits of finishing manufactures rather than turn over this business to Europeans.

There's more to manufacturing than getting the order. You have to produce and deliver — and sometimes in quick time.

That often means more raw materials and large pay rolls which require extra cash.

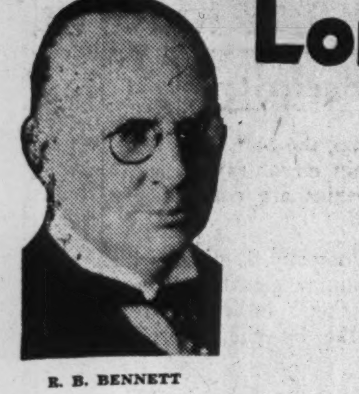
Here is where the bank can help— by providing immediately those extra dollars so essential to you, if you are going to fill the order.

We invite the inquiries of industry for financial accommodation.

The Royal Bank of Canada

London Calling—By Atticus

Famous Cartoonist of Last War Takes Up Devastating Pencil Again — Bennett and Dunning Look Well



R. B. BENNETT

LONDON.—The strangest thing about this strangest of all wars is the effect that it has had on time and memory. At one stroke the years from 1918 to 1939 have been practically eliminated.

By an effort I can recall the general strike of 1926, but with the same dimness that I remember the troops leaving for the South African campaign. There was 1931, too, when a statesman named Ramsay MacDonald, who seems to have lived a century ago, formed a National Government to save the nation from the economic consequences of the policy of the previous Government of which he was the head.

But all these events seem distant, far-off things compared with the years 1914 to 1918, which have suddenly become as if they were only yesterday. Nor is the illusion wholly fanciful.

The same figures of the Great War have re-appeared in exactly the same guise. Bruce Bairnsfather, who caught the robust humor that underlined the tragedy of the Western Front, is at it again and with undiminished gusto. Ian Hay, who immortalized the first hundred thousand as gentlemen adventurers, is now officially publicizing and popularizing army life.

But perhaps the biggest surprise of all was meeting Louis Raemaekers in London the other day.

* * *

The Mantle of Dante

There is probably a generation that never heard of Louis Raemaekers and yet he was, in his own sphere, the greatest genius the War produced. His cartoons had a curious combination of realism and madness about them that seared the soul. They fascinated and hurt at the same moment. The editor of the "Boston Transcript" declared that the mantle of Dante had fallen on him.

Raemaekers hated the German and he hated war. They were the monsters in the inferno that his pen created. The amazing thing was that the famous "Telegraaf" of Amsterdam, for which he drew, continued to publish his cartoons in spite of Dutch neutrality. The Germans protested but his work continued to appear.

His reputation did not reach London for some time after the outbreak of the war. Then there was an exhibition of his work here. No one paid much attention until an art critic declared that a genius had arrived. From that moment his work swept the world and influenced and inflamed opinion in every country.

The Germans put a price on his head and induced the Dutch Government to prosecute him for endangering Holland's neutrality. To their eternal credit the jury of Dutch citizens acquitted him. The Germans raised the price for his assassination. Raemaekers's answer was to enlist in the Dutch Army, although he was over forty, in the belief that war with Germany was inevitable.

Now he is seventy years of age, but the fire is burning in his soul again. Behind his sensitive features and his gentle manner is a hatred of cruelty that cannot be held in leash. He is to dedicate his pencil to the great crusade, but will work from London. Remembering what his pencil did with the ex-Kaiser, I predict a bad time for Hitler.

* * *

Sea Foam

Recently in these notes I expressed a tempered regret that Mr. Churchill was no longer a buccaneer at large, but a respectable admiral on the Government's quarter-deck. Subsequently he decided, while remaining on the quarter-deck, to revert to the spirit, if not the status, of the buccaneer. In a splendid tour de force he brought the gales of the Atlantic into the House of Commons. Long John Silver was not more sly or more tough as he told us the tale. Every now and then he protested his respectability, but it fooled no one.

As First Lord of His Majesty's Navy he was at war with pirates, and he waved his cutlass in all directions. The first roar of appreciation came when he indulged in an epic understatement. In solemn tones he declared:

> "It is a strange experience for me to sit at the Admiralty again, after a quarter of a century, and to find myself moving over the same course, against the same enemy, and in the same months of the year—"

He paused and the House was still.

"—the sort of thing that one would hardly expect to happen."

It was beautifully and mischievously timed. The House, caught off guard, roared with delight..

That blooded Winston. With valiant humor and gay courage he told the story of what the Navy had done, not as its political representative in Parliament, the official head of the Admiralty, but as one who was part and parcel of it all. Had the proceedings been broadcast it might have seemed shocking to hear such boisterous laughter and cheers in the Mother of Parliaments. Yet it might have been realized that this was the true spirit of Britain emerging from a portentous solemnity that is untrue to our character.

* * *

At the Ringside

Strangely enough there was more laughter in the House next day—but there was no sea foam. Sir John Simon entered with the assurance of a world boxing champion. One advantage of membership of the House of Commons is that we have ringside seats for the big contests. On Budget days this has become a diminishing delight. Every time the Chancellor "threw a punch" we took it straight on the chin. We had no defense. We tried none. There was only one thing to do, and we did it—we laughed. When I discussed this shortly afterwards with the Chancellor he said to me: "I suppose that if a tooth aches too excruciatingly the administering of laughing-gas brings relief."

* * *

New Blood

The fluctuations and exasperations of war are hard on Ministers. Quite rightly ordinary divisions are dropped and members feel it a duty to speak their minds regardless of the limits normally set by party discipline. Thus certain established reputations begin to wane while others emerge from obscurity and begin to shine. And since it is more pleasant to talk of waxing than waning stars, I would warn my readers that an important new figure has emerged in recent days.

I refer to Sir George Schuster who, despite a varied and even spectacular career outside, is a recent addition to the House and had to win a reputation there. Wisely he spent the first few months of his novitiate watching his seniors. Then he paid them the compliment of imitating none but using his own style. Being a bank director and on the board of many concerns, having been Minister of Finance in the Indian Government, having travelled everywhere and won the M.C. in the war, and been a classical exhibitioner of New College, Oxford, as well as all sorts of other important things, he adopted an attitude of well-informed deference to the House.

His soft voice and his good looks go well together. When he is ironical, he gives the impression that he would prefer not to be. When he reproves the Chancellor he shows that only a sad sense of duty made him do it. He is neither dynamic nor vivid, but he is compelling, and all sections of the House listened to him with respect. I don't know whether he wants to go to the Front Bench, but in the inevitable political casualties of war there will be room for him—and perhaps need.

WINSTON CHURCHILL

* * *

Bennett and Dunning

It was good last week to see two distinguished Dominion statesmen, who both retired on grounds of health, looking robust and taking an active part in affairs once more. One was Mr. R. B. Bennett, the former Conservative Premier of Canada, and the other was Mr. Charles Dunning, the former Liberal Minister of Finance at Ottawa. It was heart trouble, or the threat of it, that drove both these gentlemen from the harassments of office to the delights of pastoral contemplation.

Last week they combined with Mr. Massey, the Canadian High Commissioner, to launch the first plans for the Canadian Red Cross. Mr. Bennett tells me that in the last war the Canadians raised nearly two million pounds for this most worthy purpose.

I gather that Lord Astor has offered Cliveden again to the Canadians, and that it is likely to be accepted. Thus instead of the Cliveden Set we shall have the Canadian Set—which will be a great disappointment to some of the American "behind the news" magazines.

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Ontario Controls Patriotic Grants

Province Operates Check on Donations in War

Hon. Eric Cross, Ontario Minister of Municipal affairs, has indicated that power to grant patriotic wartime gifts has been taken away from the smaller municipalities.

"It has come to my attention that a few Ontario towns have, without power to do so, made grants to various patriotic funds," he said.

"The Municipal Act was amended at the last session of the Legislature to give this authority only to councils of cities, counties and separated towns. In other words, councils of towns, villages and townships in organized territory must make their contributions through the county council and may not make patriotic grants except for the purpose of aiding local rifle associations and bands."

In every case grants made by municipalities must be subject to approval of the Department of Municipal Affairs and the Organization of Resources Committee.

The department has also announced that it would not approve supplementing the pay of enlisted men by grants by any municipality.

It is held that compliance with these rules will bring uniformity of policy throughout the province in wartime.

Ottawa Gains Revenue Rise

Special War Outlay Totals $3.8 Millions Last Month

Both revenue and expenditure of the Dominion Government are already reflecting the war taxes, the rising tempo of business activity, and cost of Canada's war operations.

Receipts in September totalled $39.5 millions, an increase of $4.5 millions over the same month last year. This is the first time in well over a year that receipts have been higher than the corresponding month of the previous year.

Down $14 Millions to Date

Revenues for the first six months of the current fiscal year are $14.1 millions lower than in the same period of 1938-39.

Receipts are expected to show an upward trend throughout the last months of the year, due to the tax increases and improvement in business. September results indicate the Government will probably achieve its revenue estimate of about $516 millions in 1939-40, which is an increase of $15 millions over 1938-39.

Expenditures Rise Also

Expenditures in September were up $8.8 millions over the same month last year, and for the six-month period are $18.8 millions higher.

Of Canada's special war appropriation of $100 millions, only $3.8 millions had been disbursed to the end of September.

Relief costs in the half year ended Sept. 30 increased $4.5 millions. Relief grants to the provinces and drought area relief declined, but $6.8 millions more was spent on relief works.

Receipts and Disbursements
Month of September

Receipts:	1939	1938	Change
	000's of $		
Customs duty	10,264	6,897	+3,367
Excise duty	6,671	4,521	+2,150
Excise, sales tax	12,101	13,291	—1,190
Income tax	4,949	5,875	—926
Post office	3,218	3,152	+66
Sundry	2,341	1,025	+1,314
Special	12	212	—200
Total	39,556	34,973	+4,583
Disbursements:			
Ordinary	26,126	25,385	+741
Relief	4,401	2,883	+1,518
War appropriation	2,993	....	+2,993
Deficit Govt. enterprises	145	101	+44
Seed grain guar.	1,325	....	+1,325
Capital	2,947	669	+2,278
Miscellaneous	....	38	—38
Total	37,937	29,076	+8,861

Six Months Ended Sept. 30

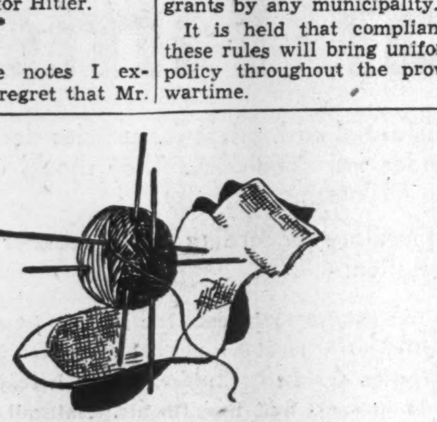
Receipts:	1939	1938	Change
Customs duty	43,638	40,647	+2,991
Excise duty	29,670	27,015	+2,655
Excise, sales tax	67,294	77,667	—10,373
Income tax	106,915	117,332	—10,417
Post office	16,324	15,656	—668
Sundry	9,433	8,659	+774
Special	55	491	—436
Total	273,329	287,468	—14,139
Disbursements:			
Ordinary	178,884	176,706	+2,178
Capital	9,079	2,065	+7,014
Relief	18,020	13,507	+4,513
War appropriation	3,858	....	+3,858
C.N.R. deficit	41,250	41,964	—714
Other Govt. enterprises	634	1,118	—484
Seed grain guar.	1,787	....	+1,787
Miscellaneous	23	322	—299
Total	254,536	235,681	+18,855

Strikes in Canada Abate In Extent in September

Effects of strikes in Canada during September were less serious than August, but more so than the same month of 1938. Trouble was reported chiefly among Nova Scotia coal miners in Sept., 1939, work stoppages being called in protest against working with fellow miners of enemy country origin.

	Sept. 1939	Sept. 1938	Aug. 1939
No. of strikes	17	15	18
No. workers involved	8,804	2,132	15,031
Time loss*	23,652	10,268	42,110

*Man-working days.



The women knit again in Canada—

Older fingers that have not yet forgotten, are teaching tinted-tipped younger ones to "turn heels" and "toe-off"—more and more khaki coloring is finding its way into the street crowds—unemployment dwindles as industry or army absorb needed man-power—Canada, in ever-accelerating tempo, moves into her position as part of an Empire at war.

What of business in Canada?

The Canadian Daily Newspaper Association says, in part:

"Canadian advertisers, national and retail, show no signs of decrease in their advertising efforts; normal buying levels are not only being maintained but actually increased; Dominion and provincial governments have machinery to check without delay any attempt artificially to exploit the nation.

"The situation clearly points out the wisdom of maintaining and increasing advertising schedules in Canada. The responsiveness of the Canadian consumer to newspaper display advertising is increased rather than impaired. The printed page has a stability and responsibility which have earned the public confidence through years of service rendered by men and organizations whom the Canadians know and whom they trust."

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THE EVENING TELEGRAM
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MONTREAL: E. R. CHOWN, Dominion Square Building

Commission Will Urge Large Scale Refunding

By NORMAN A. WHITE
Staff Writer, The Financial Post

Consolidation under one authority of debts of all the provinces is likely to be one of the major recommendations of the report of the Royal Commission on Dominion-Provincial Relations.

For almost two years the Rowell-Sirois Commission has been studying the problem of Dominion-Provincial relations and attempting to devise a more ideal governmental set-up for Canada. Its work is now complete and its report will be submitted to the Dominion Government in the near future.

The Canadian public at large has a general idea of what may be expected in the report. Without doubt, however, it will contain some surprises and some recomendations will be more drastic than has been expected.

Large Scale Refunding

The Financial Post is reliably informed the commission will suggest large scale refunding of provincial debts at a lower rate of interest. Refunding of debts of municipalities, where the provinces are willing to guarantee them, may also be recommended.

The proposal is for the Dominion to set up a Debt Commission on which the provinces will be represented. This commission is to take over the debts of the provinces and refinance them as a Dominion Government obligation. Where the provincial debt represents an investment in a public utility, the provinces will be asked to guarantee the carrying charges.

The plan also involves greater control over future borrowings of the provinces. Provincial governments participating in the scheme will have to seek permission of the Debt Commission for the issuance of new loans. If approved, the new loans will be guaranteed by the provinces and the Dominion. If not, the provinces will be free to raise funds in the open market if they can find lenders.

As for borrowing outside of Canada, the Commission is likely to suggest this should be forbidden, except with the consent of the Bank of Canada.

Transfer Services and Taxes

The Dominion Government is, of course, to be compensated in part for assuming or guaranteeing provincial debts. The refunding scheme is part and parcel of the general proposal for reallocation of revenue sources and responsibilities with a view to greater centralization of authority in the hands of the Dominion Government.

The refunding scheme, as recommended, will be conditional upon the provinces accepting certain proposals as regards the transfer of services and taxation powers.

As regards services, the commission has accepted the contention of most provinces that a larger share of social services should be borne by the Dominion. In this connection it is likely to recommend that the entire cost of unemployment relief, unemployment insurance and old age pensions be shouldered by the Dominion.

Assumption by the Dominion of provincial debts and the entire cost of relief and old age pensions would, of course, be an impossible burden. With this in mind the commission will recommend the provinces surrender certain taxation powers, giving the Dominion the sole right to levy income and corporation taxes, and possibly succession duties.

Actually there is more behind this suggested transfer of tax powers than a desire to compensate the Dominion. The Commission feels such a re-allocation of tax powers will result in a more equitable and efficient tax system. It will serve to eliminate many existing absurdities and injustices.

To Increase Subsidies

Another essential part of the general scheme is in more generous treatment for the provinces in the matter of subsidies. In this connection the report will recommend increased subsidies for the provinces and establishment of a subsidy or transfer commission for the purpose of revising subsidies every five years, on the basis of need.

The Commission favors the term transfer rather than subsidy. In this connection it envisions the use of transfers for the purpose of maintaining governmental services at a fairly even level throughout Canada.

The report is likely to suggest that transfers be based on a formula of a Canadian standard of living which has been worked out by the commission.

Without doubt there are serious obstacles in the way of implementing the general scheme outlined above. It will arouse the opposition of more than one province. The proposals cannot be forced on the provinces and might even prove unacceptable to the Dominion Government. In the opinion of the commission, however, they form the basis for evolving a more efficient and equitable system of government in Canada.

Submit Report to Provinces

Assuming the recommendations are acceptable to the Dominion Government, no attempt will be made to force them on the provinces. Premier Mackenzie King's first action, as promised, will be to call a conference of the provinces to consider the report. Using the report as a basis this conference may be able to evolve a plan of readjustment acceptable to all.

Acceptance of some of the recommendations by the provinces may be placed on a voluntary basis. Those provinces which are faced with financial difficulties would probably find the refunding scheme and the transfer of services and tax powers a desirable solution to their difficulties.

The refunding proposal is beset with more than one difficulty. Most provincial bonds are non-callable, so that repudiation of bond contracts might be involved. In some instances the Dominion guarantee would probably be attractive enough to secure voluntary consent of bondholders.

Present Set-up Obsolete

To the three main questions the commission was asked to study, its answer will be an emphatic negative. These questions are:

(1) Whether the constitutional allocation of revenue sources and government burdens is suitable to present conditions and conditions which are likely to prevail in the future.

(2) Whether taxation as at present allocated and imposed is as equitable and as efficient as can be devised.

(3) Whether the present division of the burden of government is equitable and conducive to efficient administration, and the ability of the Dominion Government and the provinces to discharge their responsibilities within the framework of the present allocation of public functions and powers.

Recommendations of the Commission will go a long way toward solving the financial and constitutional problems that have been facing the Canadian Governments for years. They provide not only for tax relief for real estate and easement of the financial difficulties of some of the weaker provinces, but for strengthening of Canada's financial structure.

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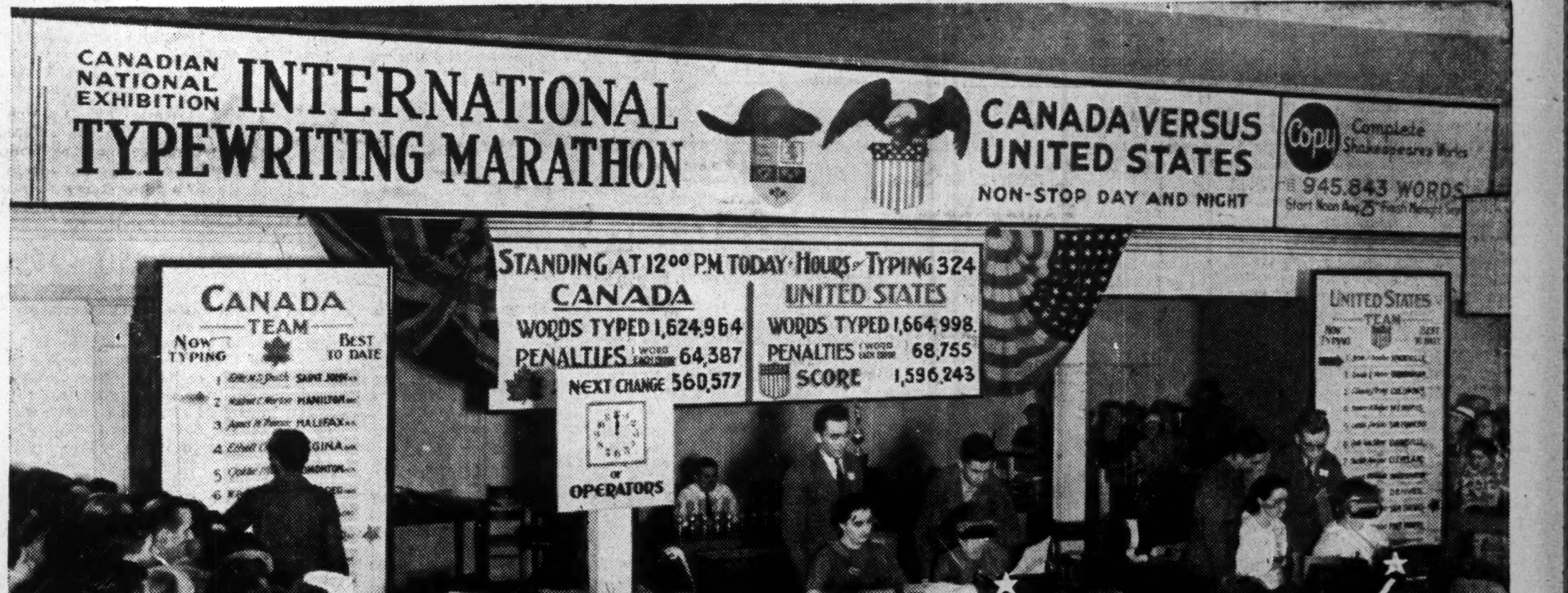

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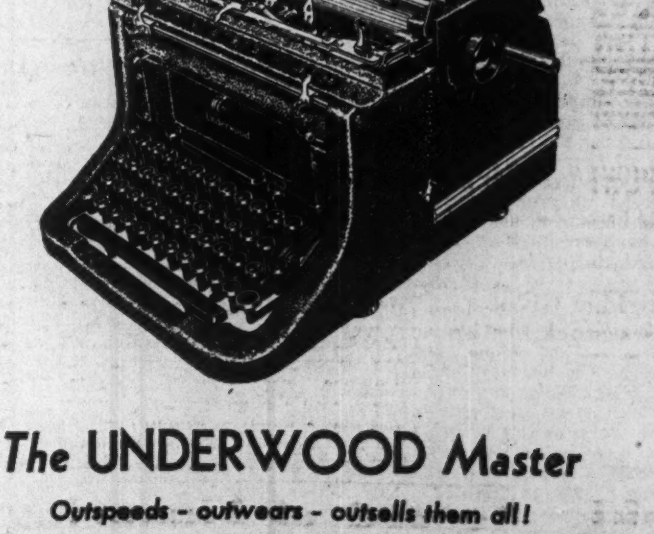

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Investment Trends

Canadian Stocks Show Bigger Gains Than U. S.

Discrepancies Between Quotes on Inter-listed Stock Remain Apparently Indicating Different Appraisals of Outlook

Stock markets in Canada for the past week or so seem to have shown more strength than have New York quotations. New highs for the recovery movement since the outbreak of war have been reached by both Montreal and Toronto stock prices whereas the New York industrial averages had not been able to exceed Sept. 12 levels up to the close on Oct. 17.

It is also interesting to see that industrial stock prices on the London stock exchange have moved higher on several successive days.

This action on the part of stock prices in countries at war and faced with higher taxes may indicate that this very condition makes a more definite appraisal of the outlook possible than is the case in the United States. With the debate on the Neutrality Act making little appreciable progress and the prevalence in the U. S. of rumors of a possible early peace, coupled with some questioning as to whether or not the rapid rise in business was likely to be sustained, this probably accounts for the slowing down.

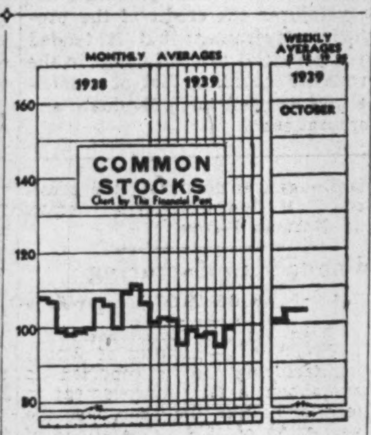
From the pre-war low of 131.33, the Dow-Jones industrial average reached a peak of 155.92 on Sept. 12, a rise of about 18%. The Toronto Stock Exchange industrial average went from a prewar low of 99.20 to 119.45 on Sept. 12, a rise of about 20% and since then has reached 128.06 up to Oct. 17, a rise for the full period of about 29%, or well above that shown in New York.

* * *

Discrepancies Remain

Attention has been drawn in this column before to the wide differences in prices for Canadian inter-listed stocks in Canada and New York. There has apparently been little or no tendency for this variation to level out as yet as shown by the following tabulation for typical cases.

	N.Y. Price Oct. 17	Adjust. for 10% Exchge.	Can. Price Oct. 17
C.P.R.	5½	6.05	8
Dome	22¼	24.47	28⅜
Hudson Bay Min.	24¾	27.22	33
Inter. Nickel	38⅝	42.48	48¾
Distillers Seagram	14½	15.95	18
Aluminium	95	104.50	134½
Ford of Canada, A	15¾	17.32	23⅜
Hollinger	10¼	11.27	14½
Imperial Oil	13⅛	14.43	18⅝
Inter. Petroleum	21⅜	23.50	28¼
Pressed Metals	11⅜	12.50	12
Wright-Hargreaves	6¾	7.42	7.90



An interesting point is that of Pressed Metals of America. This company operates in the United States entirely but there is quite an important Canadian following in its stock. In this case the New York price is approximately equal to that in Canada after allowing for exchange adjustment.

* * *

Canadian Quotes Higher

In the other cases, however, there is still evidence that Canadian markets are effectively insulated from outside influence because of the operations of the Foreign Exchange Control Board. The considerably lower prices at which such stocks as Imperial Oil, International Nickel Canadian Pacific and numerous others can be bought in New York apparently indicates that U. S. investors regard the outlook for stocks in their own country more optimistically than in Canada.

This is an attitude that is easy to understand but the recent action of the Canadian stock markets holds a good deal of promise from the standpoint of Canadian investors. This country still has not begun to feel the real impetus of war-inspired activity that will undoubtedly come. There should be chances for gains in this country that will compare quite favorably with those in the United States.

One thing that may become evident is that Canadian markets may move faster than formerly. With the practical shutting out of access to outside investments the floating supply of good stocks available in this country has to satisfy the available capital which is seeking employment. There is little evidence that the amount of stocks available for ready purchase is excessive and the result can be some active bidding for the more attractive issues.

Investment Notes

B. C. Telephone Co. reports that it had 139,552 telephones connected, including those of associated companies, as at Sept. 1, 1939. This compares with 127,628 at Jan. 1 of this year, and represents a gain of 1.5% for the first eight months.

* * *

Jamaica Public Service — Power load has been increasing steadily and last month the gain is reported to have been the best in some time. Earnings of the company have been holding up at a satisfactory level.

* * *

Industrial Acceptance—Volume of business in the earlier part of the year was lower than in 1938, but in recent weeks has been coming back in a satisfactory manner. However, it is questionable if the increase will be sufficient to offset the decline reported earlier in the year.

* * *

John A. Lang—Current reports are that the company, important leather producer, had an exceptionally good month in September.

* * *

Dosco—Further improvement in outlook is seen in announcement from London that the British Treasury has placed all forms of pig iron on the free list, effective as of October 10. Dosco has an arrangement with the English importers whereby it ships a large percentage of its primary products to England.

Hamilton Bridge Gives Wales Stock Option

Hamilton Bridge Co. has granted an option to C. Clark Wales general manager, to purchase an aggregate of 2,500 common shares at $1 a share. The option is exercisable at the rate of 500 shares a year for five years from Sept. 1, 1939, to Oct. 31, 1944. The option remains in force only if Mr. Wales continues as general manager of the company.

BELL TELEPHONE ISSUES STOCK

MONTREAL. — Bell Telephone Company of Canada has authorized the Montreal Trust Co. to register 663 additional shares of its capital stock, making the total number of shares issued 807,242.

Fairchild Sells $150,000 of Notes

Issue Convertible Into Common — Retire Old Bonds

From Our Own Correspondent

MONTREAL.—Fairchild Aircraft Ltd. has sold an issue of $150,000 5% convertible notes through Collier, Norris and Henderson.

The notes, dated October 1, 1939, mature as to 40% of the principal on October 1, 1941, and as to 20% on October 1 of each of the years 1942, 1943 and 1944. They are convertible into the company's capital stock on the basis of 20 shares for each $100 principal amount of notes.

In connection with the note issue, Collier, Norris and Henderson have been granted an option to purchase 12,000 shares of the company's capital stock at $5 a share up to October 1, 1940, and at $6 a share from that date to October 1, 1941.

Retire Old Bonds

As a result of the note issue the previously outstanding $75,000 of 5½% first mortgage sinking fund bonds, due 1962, have been called and the trust deed discharged.

Further in connection with this issue, $8,000 of the notes have already been converted into 1,600 common shares. The additional shares have been called for trading on the Montreal Curb Market.

New Director

M. B. Norris, of Montreal, was elected a director at the annual meeting of the company. At a subsequent meeting of the directors, officers were re-elected, and W. Taylor-Bailey was elected a vice-president.

Middle West Utilities To Retire 7,400 Pref.

Middle West Utilities Co. of Canada, which controls the Great Lakes Power Co., has received permission from the Securities and Exchange Commission, Washington, to purchase for cancellation and retirement, 7,400 shares of its outstanding preference shares from the Middle West Corp. As of June 30, 1939, the Middle West Utilities Co. of Canada had $688,534 in cash. A total of $532,000 of this would be needed to purchase and retire the stock at $80 a share. It has 14,000 shares of the cumulative preference stock and 392,000 shares of common stock outstanding, all of which are owned by the Middle West Corp.

Morris Becomes Partner In O'Brien & Williams

From Our Own Correspondent

MONTREAL.—Eric C. Morris has been admitted to general partnership in the firm of O'Brien & Williams, members of the Montreal Stock Exchange and Montreal Curb Market. The business will be carried on under the same firm name.

Stock Trading Limits Defined

Status of Non-resident Trades in Canadian Securities Clarified

Further clarification of the extent to which non-residents can trade in Canadian securities, or make use of the facilities of Canadian stock exchanges and their members, was given recently as a result of a conference between representatives of the Toronto and Montreal Stock Exchanges, the Investment Dealers Association of Canada, and New York brokerage interests with officials of the Foreign Exchange Control Board.

As a result of this conference a bulletin has been issued defining the conditions under which non-residents can trade in Canadian securities. These regulations are summarized as follows:

1. A non-resident may purchase either "Canadian" or "Foreign" securities in Canada with foreign funds and such securities may be exported under license (apply on form K to a bank).
2. A non-resident may purchase either "Canadian" or "Foreign" securities in Canada with Canadian funds, but in such case only "Canadian" securities may be exported under license (apply on form K to a bank).
3. A non-resident already having "Canadian" securities in Canada, whether acquired prior to or subsequent to the close of business on Sept. 15, 1939, may export the securities under license (apply on form K to a bank).
4. A non-resident already having "Foreign" securities in Canada, (a) which were acquired prior to the close of business on Sept. 15, 1939, may export the securities under license (apply on form K to a bank), or (b) acquired subsequent to the close of business on Sept. 15, 1939, may export the securities under license (apply on form K to a bank, giving evidence of compliance with subsection 2 of section 17 of the Order).
5. A non-resident holding "Canadian" or "Foreign" securities in Canada may switch into "Canadian" securities providing the purchase precedes the sale and may export the Canadian securities under license (apply on form K to a bank).

Further Trial Period

This marks another step in clearing up the confusion that has clouded stock market activities in Canada since Sept. 16, when the Foreign Exchange Control Board stepped into the field. Representations have been made by interested parties regarding a possible slackening of regulations but the apparent attitude of the Board now is that a further period of trial is desirable.

In this connection, a non-resident would be anyone who is not resident in Canada. United States citizens would be involved in the great majority of cases. Canadian securities only include those obligations of Canadian companies in which interest or dividends are payable only in Canadian funds. Where dividends or interest is paid, or there is an optional choice for accepting payment, in any other currency, then the stock or bond, even if issued by a Canadian company, is classed as foreign.

D. F. S. and Inter. Nickel Collaborate on New Alloy

Dominion Foundries and Steel Ltd., Hamilton, and International Nickel Co. have collaborated in producing a special type of alloy steel plate which is described as "special mine steel." A nickel-chromium alloy steel, the new plates are abrasion-resistant and were developed to find an improved type of steel which could be used in ore-handling equipment.

The announcement of the new development mentions that in addition to the mining industry, this new steel could be used in road-building machinery and in other materials handling equipment where abrasion has been a serious problem.

Dominion Foundries also announces the pouring of the "heaviest steel casting ever made in Canada" as part of the construction of its new temper rolling mill for use in its cold strip plant.

Montreal Stock Values Rise During September

From Our Own Correspondent

MONTREAL. — Securities listed and traded on the Montreal Stock Exchange and Montreal Curb Market had a total value of $6,832 millions as at September 30 last, an increase of $297 millions from the end of August. Compared with the end of September, 1938, the total value showed a decline of $281 millions.

Toronto General Trusts Analyzes Succession Act

Ontario's new Succession Duty Act, passed at a special session of legislature this summer, has been simplified in booklet form for the use of the businessman and investor by the Toronto General Trusts Corp., Toronto.

Essential information for understanding the new act, without making an extensive study of its voluminous contents, is contained in the booklet.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-38:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	264.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1939:												
Jan.	129.4	16.9	79.1	173.5	52.9	172.9	126.9	133.3	57.5	85.2	42.7	102.9
Feb.	129.4	16.4	77.6	175.9	54.3	175.3	130.4	133.6	58.2	85.3	42.9	104.1
Mar.	126.6	15.1	79.8	173.9	57.2	172.5	127.6	132.9	62.0	85.1	44.4	103.7
Apr.	111.1	11.5	71.4	162.9	53.1	169.2	116.9	119.3	58.9	83.7	41.9	96.2
May	112.5	12.0	78.9	170.2	55.0	176.3	120.4	124.6	60.8	84.7	43.2	99.2
June	114.2	12.4	77.4	153.2	56.2	179.2	124.7	128.8	60.8	85.0	43.7	97.0
July	118.0	12.7	75.0	154.0	59.8	182.1	124.8	129.5	59.2	85.0	42.7	97.3
Aug.	108.6	11.1	76.0	147.9	60.1	180.5	117.7	121.6	56.8	84.3	40.9	94.2
Weekly Figures:												
Sept. 7	125.5	15.6	92.7	161.6	64.0	179.4	107.7	135.6	53.5	81.1	41.0	102.3
Sept. 14	132.9	18.5	101.4	166.2	71.3	168.2	105.9	146.1	53.5	78.6	41.1	99.9
Sept. 21	133.0	18.9	98.9	165.3	71.4	156.6	108.2	143.7	52.1	72.2	39.7	96.3
Sept. 28	141.3	22.1	104.9	167.1	75.3	174.4	112.2	154.4	54.5	76.3	43.3	100.1
Oct. 5	141.7	21.3	104.3	170.0	76.2	174.2	115.1	152.9	56.1	79.2	44.6	101.0
Oct. 12	144.8	21.3	107.5	179.7	78.6	175.0	118.2	153.7	57.6	78.6	45.5	103.4

*High and low for year from 1929 to 1938 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Oct. 17	128.06	111.73	91.27	34.96
Oct. 16	125.94	110.58	90.89	34.68
Oct. 14	125.30	110.11	91.21	34.77
Oct. 13	125.47	109.91	91.27	34.76
Oct. 12	124.56	111.17	91.24	34.78
Oct. 11	122.46	107.74	89.28	34.71
Month ago	113.76	102.71	88.34	31.21
Year ago	126.57	121.41	102.73	31.84
High, 1939	125.92	128.95	104.12	45.00
Low, 1939	97.75	100.35	79.59	21.07

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Cbd.	10 Pprs.	15 Golds
Oct. 17	65.0	93.1	83.7	146.35	98.24
Oct. 16	64.5	90.9	82.1	140.24	97.85
Oct. 14	64.1	89.4	81.0	138.97	98.56
Oct. 13	64.8	90.5	82.0	142.22	98.12
Oct. 12	64.7	89.9	81.5	139.33	97.09
Oct. 11	64.6	88.2	80.3	135.55	96.28
Month ago	56.3	81.9	73.4	117.15	89.92
Year ago	67.9	85.5	79.6	141.17	124.72
High, 1939	70.1	93.1	83.7	146.40	126.48
Low, 1939	55.9	63.2	62.7	50.78	86.66

Canada Dry Gets Brewing Property

Bid of $500,000 Takes Hupfel Plant at Mortgage Sale

Canada Dry Ginger Ale acquired the property of J. Chr. G. Hupfel Brewing Corp. at a mortgage sale recently. Canada Dry was the foreclosure plaintiff and bid in for $500,000 the brewery property. Amount of the mortgage debt involved was about $1.2 million.

Canada Dry, formerly acted as exclusive selling agency for Hupfel's bottled beer. In 1935, a former contract was revised and a new one signed, whereby Canada Dry was relieved of all financial responsibility with respect to the brewery and from any obligation to market draught beer.

Canada Dry gave back its 50% interest in the common stock of the brewing company as consideration for the cancellation of the original agreement. Canada Dry still had the $1 million first mortgage on the property and, when in 1938 the Hupfel Corp. discontinued operation, foreclosure proceedings were started.

Expect Higher Net

Earnings of Canada Dry Ginger Ale Inc., for the three months ended Sept. 30, 1939, are reported to have been slightly above the 58 cents a share earned in the corresponding quarter a year ago. A contributing factor apparently has been increased sales of liquor.

The company's year ended Sept. 30 and it is expected that net will be approximately equivalent to $1.60 a share, compared with $1.12 a share in the preceding year. Earnings for the first nine months of the year just closed were equivalent to $1.02 a share on the common against 54 cents a share in the first three quarters of the preceding year.

Can. Investment Fund Declares 4-cent Dividend

MONTREAL. — Canadian Investment Fund has declared a quarterly dividend of 4 cents a share on the special and ordinary shares of the company, payable November 1 to shareholders of record October 16.

Exchange Control Rules Clarified By Experience

By STAFF WRITER

OTTAWA.—Tribute to the "complete co-operation" of Canadian business with the Exchange Control Board, in mobilizing Canada's financial resources for the war effort, is paid by Alex. McD. McBain, adviser to the Board and chief of the Board's intelligence department.

"We have found remarkable cooperation from every quarter in our effort to work out a just and efficient scheme," Mr. McBain told The Financial Post.

Referring to United States financial circles, he said:

> "Their attitude has been one of complete sympathy and understanding of the financial problems of a country at war. I have met with no criticism of Canada's action in instituting exchange control. United States citizens have been very prompt to appreciate our efforts to guard their large investments in Canada and our undertaking to put no barrier of any kind in the way of their receiving the income thereof."

The general system of Exchange Control is now established. Early confusion and fear which disturbed business immediately following its inauguration is now past.

Details Ironed Out

Generally speaking Canada is now getting the type of exchange control which is likely to continue for the duration of the war. With one important exception, all major details have been worked out.

The exception is the case of Canadian exporters who, in the past, have sold abroad and got Canadian dollars in payment. Early regulations of exchange control forbade this as defeating the main purpose of the whole set-up, which is conservation of foreign exchange.

Hardship Recognized

The hardship this worked on a large body of Canadian exporters was immediately recognized by the Board. Exporters who have been accustomed to carrying on business in this way have been given permission to carry on pending further consideration by the Board.

Many difficulties are involved in meeting this situation, Mr. McBain pointed out. Some countries to which Canadians sell insist on Canadian exporters being paid in Canadian dollars. Most exporters want to sell in Canadian dollars since their raw material and labor costs are mainly in Canadian dollars.

Points Clarified

Main points about exchange control which have been clarified, or on which the Board found that inflexible application of original rulings would be unjustfied, are as follows:

1. The utmost freedom has been allowed in the handling of inter-company accounts. This applies especially to Canadian companies in their relations with their parent companies in the United States or elsewhere. In these cases generally, little cash actually crosses the border, most transfers being merely book entries.

The Exchange Control Board has ruled that upon application such companies may continue to handle their inter-company finances in the usual way without intervention of the Board except that of reserving the right to examine their books and establish their exchange position at periodic intervals.

This rule has been extended to apply to Canadian interests which, in the past, kept funds in United States banks for payment of United States obligations. Companies which have been doing this in the past are freely permitted to continue merely upon application to the Board.

For companies which want to start this method of business, however, the Board is, of course, reserving the right to consider individual cases.

Each application is dealt with on its merits, the Board's policy being to offer the least possible inconvenience to the public.

Insurance Obligations

2. In regard to life insurance companies' foreign obligations, such as annuities, etc., entered into prior to the inauguration of exchange control, there is no interference.

3. Concessions have been made in regard to such payments as legacies abroad. Original terms of exchange control stated that sums up to $100 monthly per person could freely cross the border. It was found that in some cases, this worked hardship and larger monthly sums are now being allowed, no maximum limit being specified.

4. Non-residents may now purchase securities in Canada and permits are being freely granted to take such securities out of the country. The only provision involved is that the person taking such securities out of Canada pay for them in foreign exchange.

5. Modification of original rulings will bring extensive simplification of the routine in connection with the various forms which must be filled in by Canadian exporters and importers. At first complex and, to many baffling, forms describing foreign transactions had to be completed. Particularly for companies having a great number of imports this was working a hardship and red tape is now being slashed.

Market Opinions

Slowing down of stock market pace in the United States has given commentators an opportunity to give more emphasis on background indications.

Journal of Commerce, New York (Jules I. Bogen)—"Since the middle of September of this year, stock prices have ignored the very rapid upswing in industrial activity. They have fluctuated within an increasingly narrow range moderately below the high point reached last March."

Mr. Bogen goes on to compare the present relationship between business and stock market with that of 1933 when stocks, after a brisk early rise, failed to keep pace with business.

* * *

Investors' Chronicle, London (September 30)—"As for the market effects of the budget, the stock exchange took the blows amazingly well. The initial effects of war and war finances must prove disadvantageous to most companies' profits and dividends . . . But when the war gets into full swing, and when we are borrowing at the rate of around £1,000 millions a year, then there should be many companies earning good profits. Income tax and E.P.T. (Excess Profits Tax) will cut heavily into those profits, but something will be left to protect the equity holder from the rise in the cost of living. That is more than the holder of fixed interest securities can expect."

* * *

Barron's, New York (The Trader)—"The stock market appears gradually to be approaching a dead centre. The flashy rise of the first half of September has been digested, leaving the way open for a calmer appraisal of what may lie ahead. Nowadays under SEC regulations the stock market cannot often or long be hurried in its diagnosis of the future. Until it is possible concretely to demonstrate the superiority of cash to business equities, the assumption must necessarily be, especially in the light of business prospects and profits, that stocks are still in a broad upward trend."

* * *

The Economist, London (September 30)—"Broadly speaking, the direct budget victims behaved manfully in face of their new burden. The E.P.T. (Excess Profits Tax) will take a large slice of any increased profits in those industries which are fortunate enough to secure them. There may be some 'spill-over' of profits to the equity investor after taxation and controls have done their part. But, on the evidence of the budget alone, there is very little ground for the too frequent distinction drawn — to the prejudice of the latter—between equities and gilt-edged in wartime."

* * *

Barron's, New York (The Dow Theorist)—"Under a liberal interpretation of the Dow Theory, a rise by both averages could be regarded as a reaffirmation of the primary bull market trend, instead of as merely an extension of the September uprush. The reaction from the September highs has now lasted long enough to qualify as a secondary reaction even though some of the technical requirements have not been fulfilled. . . .

"Only such a downward movement in which both averages decline, then rally short of the first top, then fall lower than the first bottom, can be considered as signalling a downtrend. There has been no such signal, which on this occasion would require a decline by the industrials below 147.78 and by the railroads below 30.81."

* * *

Financial World, New York—"It has previously been pointed out that this war—like those which have preceded it—would inevitably be marked from time to time by rumors that peace is almost at hand, and that these rumors would probably have their effect upon the security markets. And this constitutes one very good reason for investors not concentrating their holdings in issues whose prospects are too heavily dependent upon military campaigns. In fact, such holdings should continue to account for only a comparatively small proportion of the total, with the largest portion of invested funds being represented by issues whose earnings depend most upon domestic trends in this country."

* * *

Brookmire Counsellor, New York—"The favorable behaviour of the important automotive and accessory groups of stocks in the past few weeks indicates that the market is capable of reflecting domestic improvement, even if peace moves in Europe do throw some doubt over the prospect of war orders from abroad. If peace were to come the accompanying readjustments would probably be localized and short-lived before the underlying recovery would be reasserted; while continued war would superimpose larger foreign orders on active domestic business. Accordingly clients should keep intact their well-balanced portfolios consisting of stocks that have a combined recovery-war-inflation appeal."

Supreme Court Reserves Judgment B.C. Oil Case

The Supreme Court of Canada has reserved judgment on the appeal by British Columbia oil companies seeking to have the province's Coal and Petroleum Act, 1937, declared ultra vires.

Under this Act the province has taken part in fixing gasoline prices and issued an order to reduce the price of gasoline three cents a gallon. The British Columbia Court of Appeal has upheld the legislation and now the Supreme Court of Canada is hearing an appeal from the B. C. court's decision.

This case has been before the courts ever since the legislation was passed by the province. When it got to the B. C. Supreme Court, the companies' contention that the Act was ultra vires was maintained but the B. C. Court of Appeals upheld the Act. Now it is before the Supreme Court of Canada, which has concluded hearings but not yet delivered its judgment.

How soon this can be expected is not known but from the importance of the case and the reversed decisions of the lower courts, it would not be surprising if it were some time yet before a judgment is brought down.

In any event, it is indicated that no matter which side wins in the Supreme Court of Canada, a further appeal to the Privy Council can be expected.

No Change in Prices

With the move of the legal actions from the B. C. courts to Ottawa, the injunction obtained by the oil companies against the compulsory 3 cents a gallon reduction in gasoline prices in B. C. has been vacated. The price situation thus remains as it was and will probably stay that way until the Supreme Court decision is known.

In the meantime the oil companies in British Columbia are faced with the problem of higher costs because of rises in tanker and insurance charges and the premium on the U. S. dollar. Practically all the petroleum products used in B. C. come from California.

There is also the added potential problem of the effect of the proposed U. S. neutrality laws on prohibiting U. S. flag ships entering ports of countries at war which would apparently include Pacific and Atlantic ports of Canada although not those on the Great Lakes or inland waterways. B. C. refineries are largely dependent on U. S. owned tankers to bring in their supplies of crude oil.

6% Interest Return
First Mortgage Security

Canada's 1939 grain crop, the best since 1928, has filled Canadian grain elevators and earnings of elevator companies are consequently expanding.

Alberta Pacific Grain Company, Limited, with 2 terminal and 361 country elevators, has a capacity of over 14,500,000 bushels and is well situated to benefit by the improved conditions.

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Canadian Bronze Sales Move Ahead

Sharp Upturn Lately Offsets Decline in First Half of Year

From Our Own Correspondent

MONTREAL. — Third quarter sales of Canadian Bronze Co. have shown a sharp increase, reflecting the greater traffic density on both Canadian National and Canadian Pacific railroads.

Business for the first six months was generally slow, but the large increase in volume since the middle of the year has put the company well ahead of the comparable three quarters of 1938.

Outlook for the last quarter of 1939, as well as the opening months of 1940, is more favorable than the company has experienced in recent years. The anticipated regular rail movement of grain, and demands in other directions stimulated by war efforts, are regarded as certain to keep the company's plants on or close to capacity basis.

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FINAL ANNOUNCEMENT

"INVESTING in War Time"

The Financial Post offers substantial cash prizes for articles dealing with the subject of investment under war conditions. They should deal with the specific problems of the businessman-investor.

The articles will be judged, therefore, according to the manner in which they answer the following question:

> **"A Canadian businessman has $50,000 to invest. His income from his business or profession is sufficient to meet his normal expenses. He is investing primarily for protection against the future, but he is ready to accept the ordinary risks of business and investments. Naturally, he seeks a fair return on his capital, but also would welcome the prospect of capital appreciation. What would be your choice of a portfolio for him?"**

FIRST PRIZE $100.00
SECOND PRIZE $50.00

In addition The Financial Post plans to run a number of the articles that do not win prizes. These will be paid for at our regular space rates, or approximately $25 apiece. In all it is hoped to run at least 10 articles.

The contest rules are brief and simple. They are as follows:

1. Answers must be in the form of an article of not more than 2,000 words suitable for publication in The Financial Post.

   In addition to the text of the article the entry must include a list of the specific investments selected.

   Contestants are requested to list the portfolio on a separate sheet showing, for each security, the number of shares or principal amount of bonds, the name of the security, its price, and the current income yielded.

   Answers will be judged not only on the selection of investments and the division of the fund, but on the presentation of arguments in support of the policy proposed.
2. The manuscript must be typewritten on one side of the paper only. The contestant's name and address should be written on a separate page attached to the manuscript.
3. Answers must be in the hands of the Investment Contest Editor, The Financial Post, 481 University Ave., Toronto, Ont., on or before November 1, 1939.
4. The contest is open to anyone who is not an employee of The Financial Post or The MacLean Publishing Co. Ltd., whether a subscriber to The Financial Post or not.
5. Only one answer will be accepted from each contestant.
6. Any manuscript submitted will become the property of The Financial Post and may be published by it. No manuscripts will be returned. Any selected for publication will be published under the name of the author.
7. Judges for the contest will be the editors of The Financial Post, assisted by such outside authorities as they may desire to consult.
8. The Financial Post assumes no responsibility for the future performance of the investments selected by contestants.
9. In the event of any dispute or misunderstanding the decision of the editor of The Financial Post will be final.

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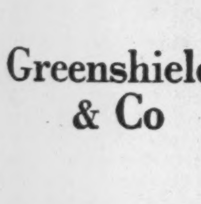
Bond Tenders

7 p.m., Oct. 23, Catholic Sch. Mun. of Noranda, P.Q.—$45,000; 4½%, dated Sept. 1, 1939, redeemable serially, 1940 to 1954. F. Hebert, sec.-treas.

4 p.m., Oct. 30, Village of Little Lake Magog, P.Q.—$12,000, 4%, dated Sept. 1, 1939, redeemable serially from Sept. 1, 1940 to Sept. 1, 1957. M. A. Laine, sec.-treas., 129C King West, Sherbrooke.

4 p.m., Oct. 21, Catholic Sch. Mun. of Val d'Or, County of Abitibi, P.Q.—$120,000, 5%, dated Nov. 1, 1939, redeemable serially from Nov. 1, 1941 to Nov. 1, 1959. Marc. Langelier, sec.-treas.



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Bond Markets

Bond Prices Strongest Since Outbreak Of War

Survey of Alberta's Finances by Dr. Jacob Viner May Mean More Favorable Deal for Bondholders of Province

Bond markets in the past week have developed the healthiest tone displayed since the advent of war.

All classes of bonds traded in the Dominion were moved forward by the best demand in evidence since Sept. 1. Markets in London and New York were also firmer, with Canadian issues in New York closing up the spread between New York and Canadian quotations.

Provincial issues displayed strength and industrial liens followed the active example of the New York market. Newsprint obligations were especially strong.

A return to more normal conditions was in evidence as orders from investors began to come into the market in fair volume. The Bank of Canada, finding the market able to stand on its own feet, withdrew its request to dealers not to deal in short sales of Dominion or provincial issues.

* * *

Alberta Survey

Since the end of May, 1936, Alberta has been paying only 50% of the contractual interest rate on its bonds, the minimum rate being 2%. By this action it has reduced the average rate of interest from 4.89% to 2.5%. Since April of the same year the province has been in default on principal maturities and sinking fund payments.

Correction of the default is suggested by Dr. Jacob Viner, professor of economics at the University of Chicago, in report to the Alberta Government dealing with debt problems of the government.

It is not believed that the province will move to speed the suggestions contained in Dr. Viner's report, based on the results of his investigation last spring into Alberta's economic position.

In regard to interest rates Dr. Viner states the province "can do more than what it is doing toward meeting its contractual obligations and restoring provincial credit," provided bondholders make some concession in return. He states he is convinced "the government and the people of the province are anxious to meet their contractual obligations to the reasonable limits of their capacity to pay, and believe myself that in their own interests and in the interests of the Canadian people generally they should do so."

* * *

Cannot Pay in Full

At the same time he found it impossible to recommend the province undertake to resume interest payments at the full contractual levels without further ado. In other words, he suggests a rate higher than at present, but lower than the contractual rate.

Dr. Viner's report supports the contention of the bondholders the drastic cut in interest rates in 1936 was not justified. At the same time he does not agree with the Bondholders' Protective Committee that the province could meet its obligations in full. In this connection, however, it should be noted that it was the suggestion of the Protective Committee that Alberta should follow the same policy as Saskatchewan and borrow its relief costs from the Dominion so as to be in a position to meet its obligations. Dr Viner, on the other hand, rules out borrowing for such a purpose as undesirable.

* * *

Income Tax Revision

In order to provide funds for additional interest payments, Dr. Viner suggests revision of the provincial income tax to provide an additional $1 million annually which would be earmarked for interest. However Premier William Aberhart has indicated he does not agree that higher rates in the lower income brackets could be considered.

* * *

Montreal Bonds

Selling pressure on the market for City of Montreal bonds has been eased somewhat as a result of the foreign exchange regulations. Prior to the establishment of exchange control United States investors were offering a considerable volume of Montreal bonds on the Canadian market. Now, however, the flow fror that source has stopped.

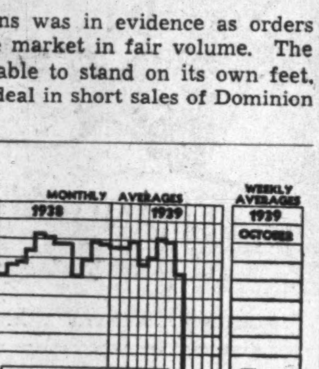
As far as the city's finances are concerned there has been no change in the situation. No real attempt has been made to tackle the problem other than to encourage early tax payments. The danger of another crisis continues in the offing and will probably develop when the city has to find funds to meet maturities in 1940.

* * *

Bond Index

DOMINION OF CANADA
Long-term Bond Index

	Latest week Oct. 6-12	Preceding week Sept. 29-Oct. 5	Weekly average year ago
Price	111.1	110.2	116.7
Yield	72.6	74.7	63.4



Bond Sales

Dominion Treasury Bills

Yield on Dominion treasury bills reversed the upward trend shown in the past three sales with the 90-day issue, dated Oct. 13 and maturing Jan. 15, 1940, and totalling $30 millions.

Average discount price on accepted bids was 99.77393 and the average yield was 0.880%. This compares with 99.76995 and 0.925%, respectively in the previous issue.

Rogers-Majestic Capital Changes Get Confirmation

Rogers-Majestic Corp. has received supplementary letters patent confirming the changes in the voting powers of the two classes of stock as approved at meetings last July. Class A shares, which have not previously had any voting power, now carry one vote per share, and class B shares, five votes. There are 200,000 class A shares outstanding and 15,000 class B shares.

Quebec Power Income Higher

Better Third Quarter Returns Help Offset Prior Decline

From Our Own Correspondent

MONTREAL.—Quebec Power Co.'s revenue statement for the three months ended Sept. 30, 1939, shows a gross income of $1,159,621 and the surplus before depreciation and income taxes of $338,659. This represents a moderate increase over the same period last year when gross totalled $1,081,089 and surplus account $314,530.

Cumulative returns for the nine months ended Sept. 30 last show a gross revenue of $3,322,759, as against $3,131,577 for the like period of 1938. There was an increase in operating expenses, which more than offset the decline in fixed charges leaving surplus, before depreciation and income taxes, of $890,404. This contrasts with $898,523 a year ago.

Statement of Revenue and Expenses
Three Months Ended Sept. 30

	1939	1938
	$	$
Gross revenue	1,159,621	1,081,089
Oper. expenses	694,217	638,544
Net revenue	465,404	442,545
Fixed charges	126,745	128,015
Surplus*	338,659	314,530

*Before depreciation and income taxes.

Nine Months Ended Sept. 30

	1939	1938
	$	$
Gross revenue	3,322,759	3,131,577
Oper. expenses	2,052,120	1,849,009
Net revenue	1,270,639	1,282,568
Fixed charges	380,235	384,045
Surplus*	890,404	898,523

*Before depreciation and income taxes.

Inter State Royalty Reports on Revenues

From Our Own Correspondent

MONTREAL.—Interstate Royalty Corp. reports that at September 30 the company's investment in oil royalties had a book value of $1,137,529.

During August the corporation had a gross royalty income of $2,688 and accumulated gross income from this source for the first eight months of $52,250.

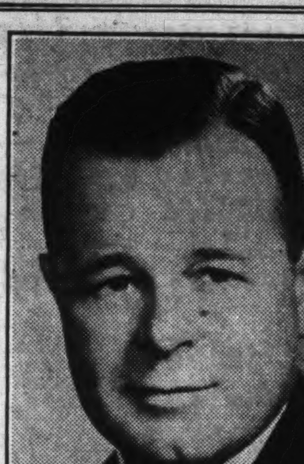
Gross revenue from royalty income since acquisition was $503,433 up to the end of August, and the reserve for depletion totalled $138,444 to the same date.

Eastern Car Co. Calls $35,000 of Bonds

From Our Own Correspondent

MONTREAL.—Eastern Car Co., a subsidiary of Dominion Steel and Coal Corp., has called for redemption $35,000 of its 6% first mortgage sinking fund bonds, due July 1, 1952. Payment will be made on January 1 next at 105 and accrued interest.

Following this redemption, the company will have outstanding $532,700 of the 6% bonds.



C. I. L. EXECUTIVE

H. Greville Smith, general manager of the Cellulose products group of Canadian Industries Ltd., who has been appointed vice-president of the company.

Brazil's Coffee Position Gains

Indirect Benefit to Brazilian Traction Seen in Trade Position

Shareholders of Brazilian Traction will be interested in the figures recently released which show that, since the policy of price stabilization was abandoned two years ago, Brazil is rapidly regaining her position as chief coffee supplier of the world.

In the year ended June 30, 1939, when the price of coffee ranged from an all-time low of 5¼ cents to 7 cents a lb. for a leading grade, Brazil's exports rose to about 17 million bags, or fully 63% of the total world consumption, from 13.6 million bags, or 52% of the total consumption, during the year ended June 30, 1937, when price of coffee was at 10½ cents a lb. for the basic grade.

September, 1939, coffee exports from Brazil were 1.6 million bags, an increase of 20% over August. During the first quarter of the current crop year, Brazil has shipped 4.2 million bags of coffee abroad as compared with 4.4 million bags a year ago. This is taken as proving the success of Brazil's new policy of maintaining a low price for her coffee, with a consequent hope for improvement in Brazil's foreign trade and exchange position, a matter of direct importance to Brazilian Traction.

Nfld. Revenues Down Last Month

Expenditures in First Quarter Show Sharp Increase

Revenues of the Newfoundland Government turned upward in September, amounting to $950,927 as against $918,641 in the same month last year.

Receipts from posts and telegraphs and miscellaneous sources were lower, but revenues from taxes, customs duties and natural resources increased.

Revenue for the first quarter of the current fiscal year is $139,032 lower than in the corresponding period last year, amounting to $2,659,457.

Expenditures this year show a substantial increase. In September they rose $119,951 and for the first quarter they were up $576,808 to $3,310,767.

Revenue and Expenditure
Month of September

Revenue:	1939	1938
	$	$
Customs	811,950	755,321
Posts & telegraphs	54,844	56,877
Assessor of taxes	38,310	37,298
Natural resources	8,726	6,723
Other revenue	37,097	62,422
	950,927	918,641
Expenditure:		
General	1,215,028	1,095,077
Debt charges	4,726	4,726
	1,219,754	1,099,803

Three Months Ended Sept. 30

Revenue:	1939	1938
	$	$
Customs	2,174,371	2,153,967
Posts & telegraphs	170,900	166,085
Assessor of taxes	102,828	270,477
Natural resources	64,724	31,054
Other revenue	146,634	176,906
	2,659,457	2,798,489
Expenditure:		
General	3,306,041	2,729,233
Debt charges	4,726	4,726
	3,310,767	2,733,959

Consolidated Paper Corp. Winds Up Subsidiaries

From Our Own Correspondent

MONTREAL. — Laurentide Company Ltd. and Laurentide Ottawa Company Ltd., both wholly owned subsidiaries of Consolidated Paper Corp., have given notice of intention of applying to the Secretary of State for leave to surrender their charters.

Ford Head Says Industry Needs Normal War Buying

Importance of maintaining the business and industrial activity of Canada on as nearly normal a basis as possible, and increasing it if possible, is stressed in a public statement issued by Wallace R. Campbell, in his capacity as president of the Ford Motor Co. of Canada. He is also chairman of the War Supply Board

It is especially desirable, in Mr. Campbell's view, that operations of industrial plants be supported at regular levels during the period they are being geared and co-ordinated to meet wartime demands. Any widespread curtailment of normal purchases of products of Canadian factories might impair effectiveness of industry's wartime contribution, he warned.

Commenting particularly on the position of the automotive industry and the significance of the National Motor Show, staged this week at Toronto, Mr. Campbell said:

"Through the Motor Show the public is assured that the Canadian automobile industry is functioning as effectively as usual, while preparing factory facilities for any extraordinary production demands which may develop in supplying war materials.

Unrestricted Output

"The time may come when it will be necessary to restrict the sale and distribution of automobiles and other products of industry. But that time has not yet arrived, and if the Dominion is to maintain its national economy on the strong basis now required, commercial activities in Canada should be increased rather than diminished.

"In certain quarters there seems to be a feeling or 'fear' that the possession of a new automobile, or other product which involves considerable outlay, is unpatriotic. The very opposite of this view is true. Anyone who had intended to make such a purchase, and who can afford it, is aiding his country materially by carrying out his intention.

"Any factory which is producing goods is adding to the wealth of the Dominion, maintaining the skill of its employees, and is in a better position to swing into war prduction than a factory which is idle or only in partial operation."

Private Debts Hoist Planned

May Be Answer to Alberta Statutes Disallowance

From Our Own Correspondent

EDMONTON. — Moratorium on private debts in Alberta is being considered as a provincial government answer to Ottawa's disallowance of the Alberta Limitation of Actions Act. But observers here believe the province will withhold moratorium action at least until the next legislature session early in 1940.

It was the second time within this year that the Dominion exercised its power of disallowance to throw out similar Alberta acts—limiting actions for recovery of debts.

First disallowance in April was of the Limitation of Actions Act which would have outlawed all debts contracted prior to July 1, 1936, unless actions for recovery had started before July 1, 1940, or the debts were revived by new agreements. A substitute act, immediately passed by the Legislature, extended the recovery "deadline" to July 1, 1942. This second statute was disallowed by the Dominion last week.

Both Confiscatory

Both measures were held to contain confiscatory clauses and repeated appeals to the Dominion for disallowance had gone out from boards of trade, financial organizations and others in Alberta.

Report released recently by the Farmers' Creditors' Arrangement Act board of review stated that debts of Alberta farmers have been scaled down $11,410,615 through operations of the Act since 1934. This gives $3,337 as the average net reduction per farmer. Total of original debt during the period amounted to $27,613,105.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Robt. Simpson	*5%	1952	Jan. 1 '40	105
Can. Cement	†3%	1940	Nov. 1	101
St. Mary's Cement	*6%	1942	Nov. 1	101½
Riordon Pulp	*6%	1942	Dec. 31	105
Eastern Car	‡6%	1952	Jan. 1	105
Preston E. Dome	6%	1943	Jan. 1	103

* All outstanding balance. For sinking fund purposes. † $750,000. * $86,300. ‡ $35,000.

Report Recommends Alberta Negotiate With Bondholders

The Viner report to the Alberta Government on debt problems of the province recommends the following general provisions for an agreement between bondholders and the province:

1. That the province negotiate with bondholders an agreed reduction in the contractual interest payable on its debt, and especially with respect to the debentures which were floated at times of financial crisis and carry extremely high interest rates, and also a rearrangement of maturity dates, in greater conformity to the province's capacity to pay than the present stipulated rates and maturity schedule.

2. That the province refrain for a stated period of years from new borrowing, except to meet genuine emergencies and to finance revenue-producing activity.

3. That the province undertake to revise its individual income tax with a view to obtaining $1 million more revenue to be earmarked for interest payments above present levels, any excess over this amount to be devoted to debt retirement.

4. That the province negotiate an agreement with the Dominion Government under which:

(a) The natural resources award be implemented and proceeds devoted to retirement of debt owed the Dominion Government.

(b) The Dominion Government facilitate the mortgaging of subsidies for interest payments.

(c) The remaining provincial indebtedness to the Dominion be funded on a long term basis at the present rate of interest.

5. That the province not only segregate subsidies for the purpose of interest payment, but also a portion of the operating surplus of the telephone system, say $500,000.

6. That bondholders agree to revision of sinking fund requirements and to give the province the right to call its bonds at par, provided funds for redemption are provided from current revenues or realization of capital assets.

7. That the bondholders consent to cancellation of all outstanding claims with respect to deficiency of interest payments made at the reduced rates as compared with the full contractual rates.

In a summary of the situation the report states the arbitrary reduction in interest rates has resulted in "genuine losses to the people of the province." Dr. Viner also says "the suspension of interest payments not only injured the credit of the provincial government but it tended to cast a cloud over all credit in the province, including that of municipalities as well as individuals and corporations."

New Executive Chosen By Shawinigan Power

From Our Own Correspondent

MONTREAL.—Following a meeting of the board of Shawinigan Water & Power Co. announcement was made of the election of James Wilson as president of the company, filling the vacancy created by the death of Julian C. Smith. Gordon W. MacDougall, K. C., was elected vice-president to fill the vacancy caused by the promotion of Mr. Wilson.

An executive committee of five directors was set up, including Mr. MacDougall as chairman, the president, C. H. Duggan, Beaudry Leman and Norman Dawes.

Woods Manufacturing Sales Move Upward

From Our Own Correspondent

MONTREAL.—Business of Woods Manufacturing Co. is reported to have shown a fair improvement in the first half of the year over the like period of 1938. Operations of late have been steady, more especially since the outbreak of the war, and prospects are that the company will soon be called upon to expand activity of all units.

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Zeller's Ltd. Disposes Of English Interests

From Our Own Correspondent

MONTREAL.—Zeller's Ltd. interest in the English firm of Hills & Steel Ltd. has been liquidated. It will be recalled that this was the company formed in England to operate a number of variety stores. Zeller's provided the management and operating organization and subscribed to a minority interest in the capital.

Imperial Oil Ltd. Ahead On Calgary Schedule

Alterations and extensions to the Calgary refinery of Imperial Oil Ltd. are expected to be completed and ready for operation early in December. This work was started early this year and was originally scheduled for completion next January. When completed, capacity of the Calgary unit will be increased from 6,000 to 8,000 barrels daily and it will be possible to process a wide range of gravity of crude oil and produce higher grade of motor fuels.

Imperial Oil has also completed extension and alterations to its Regina refineries this year which have been in operation since last summer.

Company Reports

Maple Leaf Milling

Maple Leaf Milling Co. reports substantially better earnings and improved liquid position in the year ended July 31.

Net profit was equivalent to $4.28 a share on the class A preferred no par stock before taking into consideration participation features. This compares with a deficit earning of $1.87 in the previous year. Before taking into consideration participation features, earnings on the common stock in the past year were $1.32 a share, compared with deficit earnings of 91 cents in the preceding year.

Balance Sheet Items
At July 31

	1939	1938
	$	$
Cash	40,908	58,006
Accts. rec., net	894,397	1,166,242
Inventories	1,642,134	1,568,666
Bank advances	1,056,834	2,158,015
Bills rec. disct.	91,614	154,886
Owing on grain	28,018	266,031
Surplus	448,950	16,942

Consol. Income and Surplus Account
Years Ended July 31

	1939	1938
	$	$
Earns. from oper.	829,453	346,245
Inc. from invests.	21,276	17,377
Net earnings	850,729	363,622
Less: Depreciation	150,000	183,842
Bond int. (cash)	177,119	127,377
Bond int. (stocks)	......	129,374
Bank interest	29,587	88,760
Income taxes	100,000	......
Net profit & yr. surp.	394,023	*165,731
Add: Prev. surplus	16,942	181,174
Rec. fr. coll. secs. of former officers	7,886	1,499
Res. not required	55,099	......
Less: Leases, conts. w/o	25,000	......
Surplus forward	448,950	16,942
Times All Interest Earned:		
Before depreciation	2.77	1.05
After depreciation	2.28	0.52
Earnings per Share:		
Class A: Earned	$4.28	d$1.87
Common: Earned†	1.32	d0.91
Shares Outstanding:		
Class A, n.p.v.	91,997	88,827
Common, n.p.v.	250,100	250,100

*Loss or deficit. †Before participation. Taking into consideration participation earnings on the class A would be $1.66 and 96 cents on the common.

Working Capital

	1939	1938
	$	$
Current assets	2,577,439	2,792,914
Current liabilities	1,696,548	2,949,472
Working capital	880,891	*156,558

*Excess of current liabilities over current assets.

Pacific Coyle

Pacific Coyle Navigation Co. reports that volume of business handled during the year 1938 was not up to expectations but that the first half of this year brought improvement that was maintained up to the outbreak of war. Earnings for the year ended June 30, 1939, were slightly less than in the preceding year, the first following reorganization. After depreciation, a deficit of $6,106 compares with one of $5,054 for the preceding year. Dividends of three cents a share were paid in each year.

Net working capital has been increased to $70,325 from $59,388. Current assets of $112,591 include cash of $46,045 as at June 30, this year. Annual meeting is being held in Vancouver on October 25.

Income and Deficit Account
Years Ended June 30

	1939	1938
	$	$
Gross profit	42,488	42,083
Less: Expenses	21,766	21,872
Depreciation	27,341	25,809
Add: Other income	513	544
Deficit for year	6,106	5,054
Add: Dividend	13,203	13,203
Deficit for year	19,309	18,257
Add: Prev. deficit	18,257*	
Deficit forward	37,566	

Nanaimo Duncan

Reduction in earnings is shown by Nanaimo-Duncan Utilities Ltd. in the year ended June 30.

While operating revenue increased during the year, increased operating expenses and provision for depreciation reduced net profit to $51,284, from $68,894 in the preceding year. This was equivalent to earnings of $6.41 on the 6½% preference shares of $50 par, against $8.61 in 1937-38.

Dividends of 40 cents were paid on the common shares in the past fiscal year, compared with 25 cents in the previous year.

In the auditor's footnote it is stated that the company's assets were revalued and provision for depreciation increased $21,915 over that of the previous year.

Construction of a 60,000-volt transmission line from Nanaimo to Duncan, referred to in the last report, was completed and has been in operation since Dec. 15, 1938. Capital expenditures during the year totalled $159,521. During the year $125,000 was borrowed from the company's bankers to finance these capital expenditures.

Balance Sheet Items
At June 30

	1939	1938
	$	$
Cash	48,575	29,037
Inventories	40,483	27,096
Accts. pay.	30,926	20,881
Bank loan	125,000	.....

Income and Surplus Account
Years Ended June 30

	1939	1938
Oper. revenue:	$	$
Electricity	349,956	321,309
Water	20,951	19,179
	370,907	340,488
Less: Oper. exp.	192,591	176,946
Operating profit	178,316	163,542
Add: Other income	870	1,318
Net earnings	179,186	164,860
Less: Depreciation	55,835	34,000
Bond interest	28,077	28,142
Duncan debs.	2,256	2,420
Other interest	3,984	1,122
Pension fund	4,861	.....
Bond disct. amort.	......	778
Inc. taxes	21,764	21,397
Conting. prov.	11,125	8,107
Net profit	51,284	68,894
Less: Pref. divds.	26,000	26,000
Common	20,000	12,500
Surplus for year	5,284	30,394
Add: Previous surplus	76,410	46,016
Surplus forward	81,694	76,410
Earnings per Share:		
Pref.: Earned	6.41	8.61
Paid	3.25	3.25
Com.: Earned	0.51	0.86
Paid	0.40	0.25

Working Capital

	1939	1938
	$	$
Current assets	144,136	110,922
Current liabilities	88,918	75,930
Working capital	55,218	34,992

B. Greening Wire

The B. Greening Wire Co. reports sales for the year ended June 30, 1939, "on about the same level as our 1938 sales," according to H. B. Greening, president. Lower prices on some of the company's main lines had an effect on profits but net was still sufficient to cover the 60 cents annual dividend.

Mr. Greening states that efforts are being made to improve the company's position through use of advanced methods which are reducing manufacturing costs while maintaining standards.

Income and Surplus Account
Years Ended June 30

	1939	1938
	$	$
Net oper. profit	255,170	269,042
Less: Depreciation	48,361	48,361
Patents w/o	1,639	1,639
Directors' fees	1,000	1,000
Legal expense	1,000	1,000
Factory mgmt. and selling salaries	18,000	18,000
Executive salaries	17,000	17,000
Income taxes	34,000	43,000
Net profit	134,170	139,042
Less: Preferred divd.	......	11,375
Common divds.	114,000	85,500
Surplus for year	20,170	42,167
Add: Previous surplus	637,901	659,442
Adjustments	......	1,292
Less: Pref. red. prem.	......	65,000
Loss on machinery	1,544	......
Surplus forward	656,527	637,901
Earned per Share:	$0.61	$0.67
Paid	0.60	0.45
Shares o/s, n.p.v.	190,000	190,000

Working Capital

	$	$
Current assets	909,138	861,015
Current liabilities	155,973	134,651
Working capital	753,165	726,364

MacKinnon Steel

McKinnon Steel Corp. reports a total income for the year ended July 31, 1939, of $74,017 as against $50,034 the year before. After senior charges, net profits of $41,270 compared with $24,509 in 1938. Improvement enabled the company to pay a 7% dividend on the preferred stock, as against a distribution of 5¼% the year before.

The balance sheet shows no major change, with working capital about $10,000 higher than at the close of the 1938 year.

In his report to the shareholders, D. H. McDougall, president, says the company had on hand a substantial tonnage of unfilled orders when war was declared. "It is difficult to forecast the effects of wartime conditions on the company's operations," he aid, "but past experience would indicate a probable reduction in the volume of regular business. Full descriptions of your company's plant and facilities have been submitted to the Federal Government, with the suggestion that they are available for such assistance as can be provided in the war situation."

Comparative figures in the profit and loss account follow:

Income and Surplus Account
Years Ended July 31

	1939	1938
	$	$
Net revenue	74,017	50,034
Less: Depreciation	10,000	10,000
Directors' fees	1,500	1,125
Exec. salaries	10,880	8,380
Bank interest	1,169	771
Legal fees	......	50
Income tax	9,198	5,199
Net profit	41,270	24,509
Preferred dividend	33,250	24,937
Surplus	8,020	*428
Previous surplus	6,105	6,533
Surplus forward	14,125	6,105

*Deficit.

Working Capital

	1939	1938
	$	$
Current assets	287,461	273,534
Current liabilities	34,130	30,074
Working capital	253,331	243,460

Okanagan Investments

Financial statements of Okanagan Loan and Investment Trust Co., for the year ended June 30, 1938, show moderate increase in earnings, equivalent to $3.76 per share on capital stock compared with $3.71 a year ago.

Dividends were again paid at $4 a share, as in the past four years. Real estate held by the company decreased $2,091 from the previous year. Estates and agency accounts increased to $352,509, from $343,061. Of this amount approximately $150,000 represents estates for which the company is executor or co-executor.

Net book values of securities were reported by the company's auditor to be in excess of market value by $3,406. The auditor also states that "in our opinion further steps should be taken to collect arrears of interest and principal."

Year	Paid-up capital & reserves	Net profit*	Div. rate	Rate earned per sh.
	$	$	$	$
1935	443,000	11,917	4	2.98
1936	443,818	13,320	4	3.30
1937	438,891	13,298	4	3.29
1938	438,886	14,961	4	3.71
1939	438,886	15,170	4	3.76

*After taxes.

Coast Breweries Ltd.

Profits of Coast Breweries Ltd., holding company for four British Columbia breweries, were only slightly different in the year ended June 30, 1939, from the previous year. The regular 12 cent a share dividend was covered by a small margin.

Balance sheet shows cash up about $100,000 to $169,359 and accounting for practically all of the increase in current assets.

Investments in Capital Estates Inc. at $139,434, General Brewing Corp. at $172,945 and Star Brewery Co. at $99,136 are practically unchanged. It is stated, however, that an additional $40,000 has been authorized for advance to Star Brewery as working capital to be secured by mortgage.

Consol. Income and Surplus Account
Years Ended June 30

	1939	1938
	$	$
Gross profit	723,345	734,883
Less: Sell., admin., & gen. exp.	265,838	268,067
Legal fees	910	1,084
Directors' fees	1,200	1,200
Executive salaries	20,400	20,400
Invest. deprec.	2,104	..
Depreciation	76,096	84,253
Income taxes	111,167	107,523
Net profit	245,631	252,356
Less: Dividends	216,378	210,969
Surplus for year	29,253	41,387
Add: Previous surplus	173,682	132,295
Less: Goodwill w/o	5,000	......
Surplus forward	197,935	173,682
Earned per Share	$0.13	$0.14
Paid	0.12	nil
Shares o/s, n.p.v.	1,803,150	1,803,150

Working Capital

	$	$
Current assets	508,433	421,100
Current liabilities	207,105	197,890
Working capital	301,328	223,210

A. W. Chase Co.

A. W. Chase Co. reports moderately improved earnings in the year ended April 30, with net profit amounting to $30,161, compared with $26,793 in the previous year. This was equivalent to earnings on the $1 par value non-cumulative participating preference stock of $3.30 a share and $2.84, respectively. Shares outstanding were reduced to 9.124 from 9.426 during the year.

Sales in the current year to end of July are reported slightly ahead of the same period of the previous year.

Income and Surplus Account
Years Ended April 30

	1939	1938
	$	$
Net income	34,187	32,690
Less: Income tax	4,026	5,897
Net profit	30,161	26,793
Less: Pref. divds.	23,265	23,931
Surplus for year	6,896	2,862
Add: Prev. surplus	63,748	62,396
Adjusts.	496	......
Less: Adjusts.	......	1,510
Surplus forward	71,140	63,748

Working Capital

	$	$
Current assets	171,655	174,993
Current liabilities	36,116	49,639
Working capital	135,539	125,354

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Editor—FLOYD S. CHALMERS
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481 University Avenue, Toronto 2.
Founder and Chairman—JOHN BAYNE MACLEAN
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ADVERTISING RATES

Single insertion—$4.20 per inch.
Contract rates upon request.

SUBSCRIPTION PRICE

Canada, United States, Mexico, British Empire, $5 per year, all other countries, $6.

MONTREAL—Dominion Square Bldg., Murray R. Chipman, Eastern Manager; John E. Langdon, Eastern Editor.

GREAT BRITAIN, London—Sun of Canada Bldg., 2, 3 and 4 Cockspur St., London, S.W.1, Telegraphic Address, Atabek, Lesquare, London.

TORONTO, OCTOBER 21, 1939

The Financial Post Editorial Platform for Canada

Winning the war has become the focal point for national and personal effort in Canada. This requires full mobilization of the nation's material and spiritual resources. To the fullest degree this should be obtained by individual effort, freely made. Strong national leadership will inspire service and sacrifice that will reduce the need for regimentation and compulsion.

The Financial Post believes such objectives require:

1. *Strengthening cabinet leadership by drawing upon Canada's best executive brainpower irrespective of political considerations.*
2. *Elimination of public and private waste.*
3. *Pay-as-we-go financial policy.*
4. *Planning the war effort with the post-war as well as the emergency needs in mind.*

In achieving these objectives the spirit of sacrifice and unity in Canada can be used in finding sound, long-term solutions to problems left unsolved in the idle days of peace.

War and Wheat

THERE has been a lot of talk about the part machines are going to play in this war—not enough about the new strategy of economics in war.

When war broke out, the price of wheat, quite naturally, headed upward. After a few days of energetic climbing it paused for breath. Since then it has done little or nothing to justify the rosy hopes of western wheat growers that their big 1939 crop in time of war was worth at least $1 if not $1.25 a bushel.

One reason for this weakness is that there is currently more wheat in the world than at any time in world history. Another potent reason is that British buying in recent weeks has virtually dried up. Instead of buying from Canada, Britain is reputedly paying Roumania as much as $1.30 a bushel for her wheat. She is also buying from Argentina.

One reason for British policy is to be found in the experience of the last war.

In 1914, the Germans got the jump on us by buying "away" from the Allies. This time Great Britain is using her ready cash and her convoy system to keep a country like Roumania neutral and to prevent that country's wheat finding its way into Germany. Similar tactics are being used in the purchase of Swedish iron ore.

This policy may save us thousands of lives later on. It is the clever, successful way of fighting modern warfare on the economic front—the war of economic strangulation.

Yet how many western farmers understand what is being done and why? Even informed editorial opinion in western papers ignores these salient facts. Unnecessary criticism and suspicion of Allied policy is being allowed to circulate because nothing is being done to give informational leadership along these lines.

Surely one important job that needs to be done immediately is that of a skillful, informative propaganda campaign to tell Canadians what sort of war they are waging along the economic front.

2. Profits and War.

Profits vs Profiteering

IN WAR as in peace, profit is legitimate and essential. It is the oil that keeps industrial wheels lubricated and moving freely.

The Dominion Government has already recognized this by abolishing in munitions contracts the unworkable 5% limitation clause which so badly tied the hands of the old Defense Purchasing Board. During its lifetime the board was unable to place a single contract under this restrictive legislation. Business wheels failed to turn when legitimate profit opportunity was denied.

Yet the false notion still prevails that profit and profiteering in wartime are synonymous. This is untrue, misleading.

The first objective in time of war is not to prevent profits being earned but to achieve quick, efficient production. Legislation or public policy which prevents legitimate profits being earned or which confuses these with profiteering would quickly impede Canada's effort in prosecuting the war.

For one thing, industry needs working capital to finance the larger programme of production which war demands. This is especially true of the early stages of the war. Working capital stems from profits; if there is no opportunity for profit, new and necessary expansion is hindered.

Profit margins must also be adequate to provide not only a return on invested capital but the writing down, during the war period, of new machines, plant or equipment installed for war purposes and of doubtful use thereafter. Inventory losses that invariably follow war must also be considered. If profits are insufficient to set up reserves against a post-war price collapse, the inevitable readjustment is magnified and exaggerated.

In time of war profits are also the source from which the Government intends to raise a large portion of the money required to finance the war. Legislative hamstringing of profits at the present time would be a detriment rather than an aid in husbanding the dollars needed to win this war. It might easily prove an unfair handicap if applied against those who made shells and shoes but not to those who profited indirectly as a result of war stimuli.

Few Canadians have any desire or wish to profiteer from the war. If there are any such they can be cared for by the surveillance of the War Supply Board and the Prices and Trade Board and by the operations of the Excess Profits Tax.

But profit-making is not profiteering. The two terms are not synonymous. Profiteering is unconscionable, abhorrent. Profits—reasonable, fair profits, are legitimate and essential, in war and in peace.

It Must Not be Shelved

AFTER almost two years of deliberations the Royal Commission on Dominion-Provincial Relations is about ready to present its report to the Dominion Government. It is rumored that it will be shelved because of the war.

Canada is at war, but that is no reason for doing nothing about pressing domestic problems. If anything, it increases the necessity of doing something about Dominion-Provincial Relations, especially their financial aspect.

There is now more reason than before for removing the many stresses and strains in Canada's governmental set-up. Everything possible must be done to strengthen the financial and economic structure, for the war will create additional stresses and strains.

The commission's report will reveal many weaknesses. It will show the B.N.A. Act to be inadequate to meet present day conditions. The financial position of some provinces and municipalities is precarious. Responsibilities of governments are not clearly defined. Services overlap. The tax system is inefficient and inequitable. There is duplication of taxation. Real estate is overburdened with taxes.

These weaknesses must be eliminated if the Dominion is to be in the best possible position to prosecute the war. Any improvement in the public finance picture through adjustment of Dominion-Provincial Relations will make Canada's war effort that much easier.

Increased business activity and higher prices resulting from war expenditures and purchases by the Allies may result in the easement of some problems. Actually, however, the problems will still remain. No purpose is to be served in shelving them for the duration of the war. The Government has already delayed too long in doing something about domestic problems. Furthermore, there will be other problems arising out of the war. No one pretends that the post-war years will be easy sledding. Without doubt, much is to be gained by putting our house in order now.

One of the major reasons for appointment of the Rowell-Sirois Commission was the financial difficulties of the Western Provinces. These may be eased, but not solved, by the war. Saskatchewan and possibly Manitoba, will continue to need special assistance from the Dominion Government. Even British Columbia may need aid in the refunding of maturing obligations. The commission will suggest an adjustment which will enable these provinces to stand on their own feet. It should be considered and not shelved.

The time for temporary expedients is long past.

Prime Minister Mackenzie King should press for receipt of the Powell-Sirois report. He should lose no time in consulting with the provinces. Action on the report should be taken at the next session of parliament.

A Jeer From the Bleachers

A CHILDISHLY sarcastic shaft is levelled at The Financial Post by the editor of the Globe and Mail, Toronto. Referring to The Post's exposure of unbusinesslike methods and patronage in defense contracts, the Toronto morning newspaper comments: "Apparently all that is left for it to do now is to win the war."

The Post would indeed like to play its humble part in helping this country and its Allies on to victory. But winning a war is a job that calls for the combined efforts of everyone in the nation.

It calls for courage on the part of soldiers; sacrifice on the part of citizens; efficiency on the part of cabinet ministers; and leadership on the part of newspapers. In war, as in peace, newspapers must display honesty and independence in exposing inefficiency.

There should be no more personal favoritism in the editing of a newspaper than in the awarding of munitions contracts. A newspaper publisher has a public trust which he does not fulfill by covering up the mistakes and intrigues of personal or party friends.

The Globe and Mail is the final result of a series of mergers. Not one of the constituent papers would have condoned maladministration in public affairs. The old Globe, after which C. George McCullagh has patterned the editorial page of his present newspaper, had especial reason to be proud of its courage and independence in dealing with inefficiency in the conduct of public business. The Globe gave leadership, and not just the synthetic leadership of leagues and radio talks. It was leadership of an enduring character, leadership based upon principles stubbornly held. The Globe was not the kind of paper that would organize 80,000 people behind a new Leadership League and then abandon them to the solution of their own organization problems. The Globe believed that leadership called for a leader.

Those days it would seem are gone, possibly not forever, but at least until the raw young Globe and Mail, which is an excellent purveyor of the news, acquires some editorial page traditions of its own. The chief contribution the Globe and Mail has made to the organization of Canada for effective prosecution of the war has been to conceal and condone bungling and patronage in connection with Canada's preparation for national defense, and to jeer at those who have exposed them. So easily can great newspaper traditions vanish when fortuitous speculative wealth becomes the pass-key to journalistic power!

On the page opposite to the one on which the Globe and Mail indulged in its adolescent jeers at The Financial Post appeared a news article. It told of the training of the Ontario Regiment (Tank), Oshawa. It was a rosy story, but only by indirection did it bring out the fact that this tank battalion (which was organized as such two years ago) has not a single tank for training purposes.

A tank battalion has waited years to get a tank. But the party friends of the former Minister of National Defense did not have to wait years for contracts. Whether they had plants or not in which to manufacture their goods seemed to be of little importance.

"Manufacturers" without plants; tank battalions without tanks. Such things are not likely to seem strange or inexcusable to a newspaper without traditions.

Armistice — False and True

FOR six hours Berlin celebrated, with hysterical joy, reports of an armistice which, in the words of the New York Times, "came from nowhere and spread everywhere." Wine and bread were given freely and bountifully; fantastic rumors about King George having abdicated and the Duke of Windsor returning to the throne gained credence.

It is not hard to believe that in a country where every item of news is carefully prepared and doctored, this particular item which raised such high hopes and enthusiasms was of spontaneous origin. Who can doubt that there are millions of Germans in Berlin and elsewhere who, for all the zeal with which they have blindly followed the Fuehrer in his "bloodless" victories of the past, would gladly welcome the day of armistice—would gladly trade guns for butter.

And the terms on which they would make that exchange would probably not differ greatly from those which most people in the world would gladly concede.

Perhaps a long war may not be necessary to achieve that end. If the people of Berlin show frenzied hysteria on hearing that a war, (which has scarcely begun) had ended, it may not be long before someone within Germany finds a way of making those hopes come true.

The Canadian Editorial of the Week

Another Misguided Idea

Canadian Statesman, Bowmanville

We do not do any good, in this time of war, by reducing all expenditures to an irreducible minimum and by "going into a financial shell."

Some persons appear to have the misguided idea that if they do without things they need, let their help go and economize drastically in everything they are doing a great service to their country. Nothing could be more false.

If all the moneys saved by these means were turned over to the Government to aid in its wartime endeavors, then it would be a different story. But they are not.

By this drastic retrenchment that is already showing signs of existence, normal business is bound to suffer.

It must be remembered that at time of war, as at any other time, by putting money into circulation we keep men at work.

It is vitally important that now, of all times, Canadian labor be as nearly self-supporting as possible.

So if you had been planning to purchase a new car, replenish your wardrobe, or have your home made ready for the winter months, do not delay because of the war.

All the more reason why you should go ahead and have it done.

Editorials in Brief

Traditionally Canada has been the butt of Empire jokes because she lacked a big navy.

Navies are still essential—economically—in modern warfare, but war spotlight, now and for the future, is centring more in the air than the sea.

The plan to create in Canada a huge Empire air base should remove for the future the stigma that Canada is not playing her part in Empire defense.

* * *

Friday, the 13th, was a little unlucky for the Globe and Mail, Toronto. It published a cartoon strip with a malicious joke aimed at the English:

Customer: "I want a sheep's head and it must be English."

Butcher (turning to assistant): "Here, Jock! Tak' the brains oot o' this."

The cartoon got in the first edition but did not appear in later ones. That is why "Pop" was missing last Friday morning.

* * *

Colonel Lindbergh has gained world notoriety by some further isolationist talk about relationships between Canada and the United States in respect of European affairs.

Had he spent as much time and effort in preparation for his rôle as political commentator as he did in preparation for the flight for which he is quite justly famous, he would not have reached the conclusions he now broadcasts so vehemently.

There is sympathy and forbearance toward millions of Americans whose education and environment have prevented them from seeing as yet the wider vista of America's responsibilities in world affairs. Colonel Lindbergh has had exceptional opportunities to gain a broad, humanitarian perspective, but his eyes remain closed.

Sayings of the Week . . . .

"There is no likelihood of an early and an easy peace."—*Walter Lippmann.*

* * *

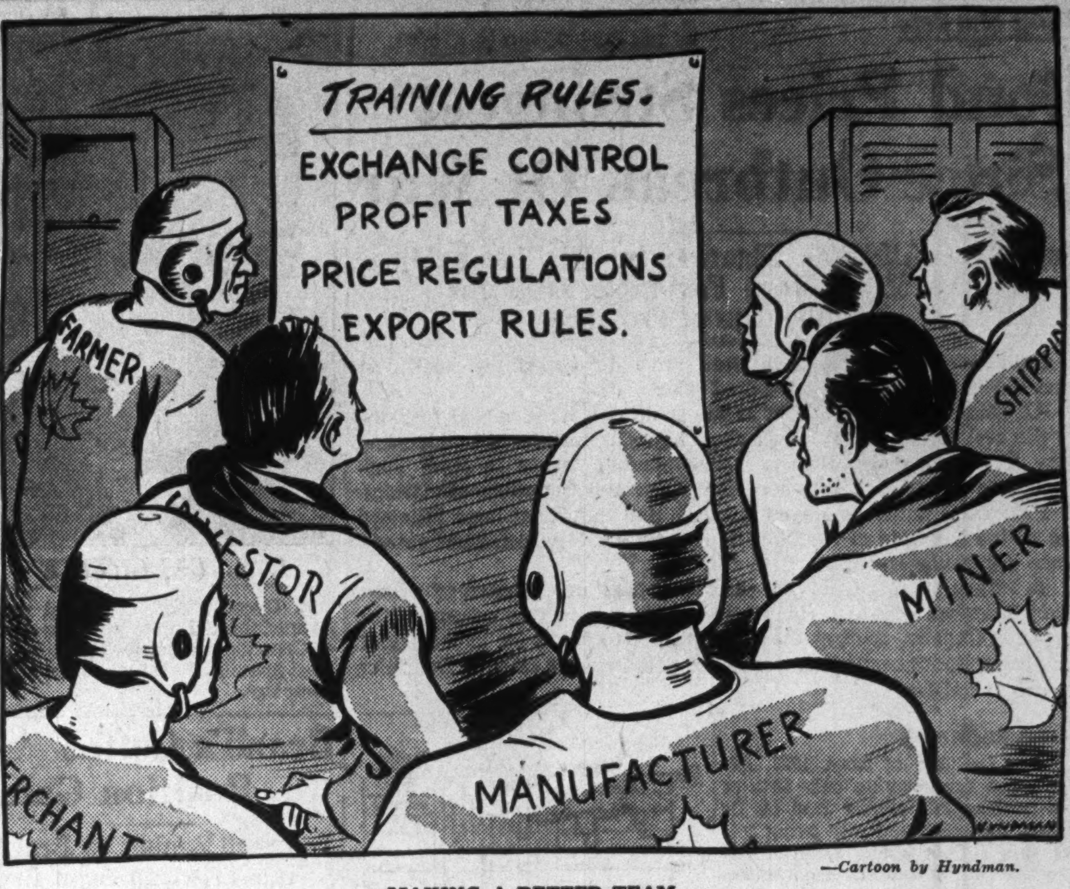
"Hitler is incapable of a genuinely creative policy."—*Hermann Rauschning.*

* * *

"I believe the tide of Fascism has passed the high-water mark."—*Wilson Woodside.*

* * *

"Every passing hour works for us. Let the country be calm and have confidence in the army."—*General Maurice Gamelin.*



—Cartoon by Hyndman.

MAKING A BETTER TEAM

Post-Scripts . . . .

Sanquhar's Son

James Wilson, Shawinigan Water & Power Co.'s newly elected president, is a "Shawinigan" man. For nearly 30 years he has been with the company. In that time he has seen it developed from a small enterprise with a modest capital into one of the most important privately owned hydro-electric companies in the world. And his election, by the way, marks an important step in setting up of an "all-Canadian" executive to control this $180 millions corporation.

JAMES WILSON

It would be difficult to say of which "Jimmy" Wilson is the more proud, being a Shawinigan man or a Scotsman. He has the attributes of a Scot—all developed to a high degree—but the greatest of these is his capacity for making friends. He knows the personnel of the Shawinigan organization as probably no one else, from the office boy to his executive associates. It is by no means an impersonal interest, which fact probably explains why everyone refers to him with affection and respect as "Jimmy."

* * *

Mr. Wilson was born in Sanquhar, Scotland. His first venture into business life was with the Royal Bank of Scotland, local branch of which his father had been manager for many years. Then, like all ambitious Scotsmen, he went to London. There he entered the employ of the Mercantile Bank of India. In 1902 he came to Canada and until 1911 was associated with the Montreal firm of Drummond, McCall & Co. Then he joined Shawinigan as chief accountant and in 1914 was made secretary. He grew with the company and in time became director, vice-president and general manager.

He is not an engineer. His association with Shawinigan has been on the financial side. Yet during his long connection with the organization he has come to have an intimate knowledge of the working of a vast power system which will stand him in good stead in directing the policies of the company.

* * *

There are three things in which Shawinigan's new president has an intense interest, aside from the company itself. They are his birthplace, gardening and golfing. His family has a long connection with the small town of Sanquhar. This Mr. Wilson has never forgotten. He has shown that interest in many ways; by his generous treatment of the kirk; by liberal donations to further the interests of his home town. Only recently he had created and presented to the Sanquhar lodge of the Masonic order a magnificent silver trophy for lawn bowling in memory of his father and brother.

His interest in gardening is real. A fisherman may talk for hours about the fish that got away, but Mr. Wilson will talk at any time and anywhere on the prize blossoms and rare plants he has growing in his garden.

Running close to gardening in interest is golf. It is a bad week end that prevents him from getting in his round of golf. He either plays at Royal Montreal Club or at Knowlton, where he has his summer home. Even rainy weather does not appear to phase him, for attached to his golf bag is an umbrella large enough to shelter a foursome.

These interests are subsidiary to his overwhelming loyalty to Shawinigan. The company he has helped to build to its pre-eminent position is his greatest "hobby," which explains, along with his other outstanding characteristics, why he was elected to head the company.

* * *

Hi-yo Silver

Lone Ranger — is a voice that 20 million people listen to three times a week—has been unmasked as a Canadian.

According to a feature magazine article published last week the man who cries "Hi-Yo Silver" and gallops into radio's night on his silver steed to right wrongs and curb crime is 30-year-old Earle W. Graser, who moved with his family from Kitchener to Detroit where he went to high school, then university and took two years studying law.

In 1928, he got a job at $18 a week ushering at the Michigan Theatre, "doubling" as the announcer of the next organ selection, "tripling" as an Alpine shepherd boy on the stage show of the William Tell overture—now the Ranger's theme music.

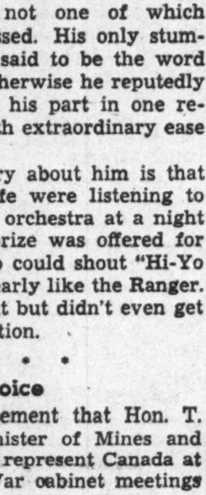
Finally in April, 1933, he got a chance on the air waves. Since then there have been over 3,000 Ranger performances, not one of which Graser has missed. His only stumbling block is said to be the word "probably." Otherwise he reputedly romps through his part in one rehearsal and with extraordinary ease and buoyancy.

The best story about him is that he and his wife were listening to Horace Heidt's orchestra at a night club when a prize was offered for the person who could shout "Hi-Yo Silver" most nearly like the Ranger. Graser tried out but didn't even get honorable mention.

* * *

Canada's Choice

The announcement that Hon. T. A. Crerar, minister of Mines and Resources, will represent Canada at the Imperial War cabinet meetings in London late this month, focuses interest upon a man who, considering his career in business and politics, is extraordinarily little known in Canada.



HON. T. A. CRERAR

These are the facts of Mr. Crerar's career: Born in Ontario 1876, of Scotch descent; went with his parents to Portage la Prairie, Man., when a lad; school teacher with ambition to be a doctor; breakdown and recovery on a homestead; first a director and then for 22 years president of the United Grain Growers Grain Co.

He entered politics as a cabinet minister (agriculture), a Liberal representative of the west in the Union Government of 1917. He was food controller in the last year of the war. He resigned from the Government in 1919, formed and led the Progressive party which swept the west in 1921; declined to be opposition leader because he was a Liberal and undesirous of injuring the Liberal party under Rt. Hon. W. L. M. King; declined a portfolio in the 1921-25 administration but became minister of railways in 1929. Defeated in 1930 he was re-elected in 1935 and took office as minister of Mines and Resources, the portfolio he now holds.

* * *

Mr. Crerar is of the generation in the west that produced Hon. Charles A. Dunning, but he has none of the Dunning gifts which brought such rapid promotion to the ex-minister of finance. Yet in building the U.G.G. to its present position in the grain trade he achieved a more lasting monument than did Mr. Dunning in building the Saskatchewan Co-operative Elevator Co. which is now part of the wheat pools.

Mr. Crerar along with Mr. King and Mr. Lapointe (who is perhaps his closest political friend) is the last of the old time Liberals. He stems from the school of Cobden and Bright and Manchester and whether or no he publicly declares his mind, his attitude on most problems, in the broad sense, may be forecast with confidence. He believes in individualism, in freedom, in the capitalist system. As the only member of this Government with experience as a war administrator, one may be certain that he is thinking constantly of what will follow the war.

He is an anti-planner in the socialist sense; an anti-regulationist. He holds the belief that this war must be carried on in such a way that war-time controls can be removed after their need is gone and the old order left to proceed on its normal course. He will resist any tendency to establish in this country, under the extreme urge of our war effort, the kind of government controls which we are fighting to destroy in Europe.

* * *

Mr. Crerar is essentially a man of ideas, of general policy, rather than an administrator. It has been his luck always to surround himself with able administrators to whom he has left all the detail of business. As head of the U.G.G. he had J. R. Murray as manager. It is, as well, an attribute of his character that when he gives his confidence he never wavers. He is intensely loyal to his friends.

When the present Government was formed, Mr. Crerar was given the choice of several portfolios. He chose his present one with an eye to his own abilities. He would be intensely unhappy in a department calling for high administrative talent. But the requisite in Mines and Resources was vision, long range development and organizing ability. He is inclined to be proud of the record of mining in the past four years. He is proud, too, of the development he has carried through in the National Parks. He happens to be proud, as well, of the way in which, avoiding a head-on collision with Quebec, he managed to remove some of the obstacles in the way of the immigration of refugee industries.

* * *

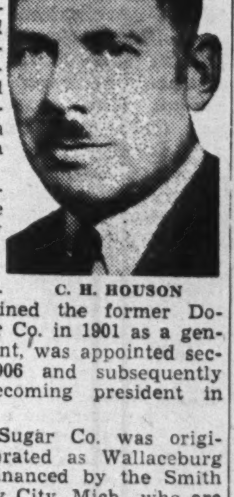
As this country's representative at the Imperial War Conference he will be sitting in on discussions of policy. In the daily free-for-all at Ottawa, Mr. Crerar, perhaps, does not take the place to which his record and experience entitle him. He is not a forceful man in the sense of being a battler. He doesn't fight things through in cabinet. But he wields a great influence in the Government, none the less, and particularly on matters of general policy.

His selection is a recognition of this fact.

* * *

Sugarmaker

Bank of Montreal has picked as a successor to the late Sir Charles Gordon on its board of directors Charles Henry Houson, Chatham, Ont. a man who has avoided the limelight and whose chief job is president and general manager of Canada's largest sugar company, Canada & Dominion Sugar Co.



C. H. HOUSON

Mr. Houson's whole business career has been in the sugar business. He joined the former Dominion Sugar Co. in 1901 as a general accountant, was appointed secretary in 1906 and subsequently treasurer, becoming president in 1922.

Dominion Sugar Co. was originally incorporated as Wallaceburg Sugar Co., financed by the Smith family of Bay City, Mich., who are still represented on the board of the Canada and Dominion. It specialized in refining sugar from beets grown in southwestern Ontario.

Not much is actually known of the operations of the former Dominion Sugar Co. until, in 1930, it acquired control of the Canada Sugar Refining Co., Montreal, which had been founded by the late John Redpath. This was the beginning of Mr. Houson's close connection with the Bank of Montreal. Huntley R. Drummond, recently elected president of the Bank of Montreal, became a vice-president of the new Canada and Dominion Sugar Co., an office which he still retains.

Mr. Houson has found time to serve as a director of the Mutual Life Assurance Co. of Canada and of the Huron & Erie Mortgage Corp. and its affiliated company, the Canada Trust Co., both of which have large interests in southwestern Ontario.

Mr. Houson was born in Toronto on Dec. 1, 1879, of parents who had come to this country from England, and was educated in the Toronto public schools and Dr. Tassie's School in Toronto. He married Mary Goodfellow of Galt, Ont., in 1903 and has one daughter.

In the Mail . .

Patronage at Ottawa

Editor, The Financial Post,

That article in one of your recent issues mentioning what seemed to many a rather obvious case of patronage in Ottawa appears to have developed into somewhat of a scandal, judging from what one hears frequently. There is mention also in the press of the purchasing of a building by some individual in Montreal, who, it is said, managed to rent it to the Federal Government under most advantageous terms to himself. I suppose transactions of this kind are almost inevitable under the impact of war conditions, but it is nice to know that Mr. Rogers has taken matters well in hand since taking over the Defense Portfolio and better things can be looked for henceforth.

Quite apart from his dealing fairly and firmly with war contracts it seems, from a news item which appeared the other day in a local newspaper, he has found the time to let it be hinted that his department is dealing with the question of what should be done about improving conditions for married commissioned officers and ratings of the naval forces, in that the wives of the former may receive increased allowances which the present regulations don't allow, and the wives of the latter my receive increased allowances more in keeping with conditions in the other services.

This equalizing process seems a step in the right direction and if something is done soon, should have a beneficial effect on all the services and will no doubt be well received by the public.

J. V. DONALDSON

Toronto.

As Others See Us . . . . .

Re-Conditioning Would-Be Recruits

Burlington Gazette

The Financial Post has made a suggestion in regard to recruits who fail to pass for enlistment, which is worthy of consideration by the Government. The Post suggests that instead of turning army rejects back to their homes that they be signed up on a temporary basis and put them in re-conditioning camps until such time as they are fit to serve in regular forces. It will come as a surprise to most Canadians to learn that one man out of three waiting to serve this country on the field of battle is being rejected. If nothing is done meanwhile to recondition those now applying and who are rejected, either there may be a shortage of manpower later on, or else it will be necessary to lower military standard of fitness. Many of those rejected are undernourished, and if they were placed in training and properly fed during the winter months, a large percentage would be fit to serve the country. At the moment Canada has more young men in first class physical condition than can be accommodated or equipped. In six months time this situation may have changed.

Other People's Views . . . . . .

War and the Railway Problem

Le Soleil

In Canada, as in the United States, foreseeing an augmentation of traffic, railways are being organized, rolling stocks are being augmented, and their credits are being arranged. The railway problem of Canada will be quickly solved by the intervention of the Government. It will probably not be a question of fusion, amalgamation or general nationalization.

A new formula is called for which may be called the mobilization of the co-ordination of transport. Railway workers will have all the less objection, since intense activity will guarantee their employment and their increased wages. It will be the same way throughout the conflict, whether that be three or four years, according to the calculations of the organizers of this enormous adventure of war.

Afterwards, and for the very reason of this demonstration of their utility, the status of the railways will be definitely regulated without anyone seeing any further objections.

As to Conscription

Vancouver Province

If this war really means that the national existence of Canada is at stake, then it means that the entire effort of which the nation is capable must be brought to its defense. And for that it may well be that nothing less than an organized pooling of the national resources, of men and of material, will suffice.

Nevertheless, it has to be admitted that all-in conscription, at the beginning of the war, at any rate, is not politically feasible in Canada, and the urging of it now is no more than a counsel of perfection. It is enough to say that it would probably divide the country to insist on all-in conscription, even if the majority, in Parliament and out, were in favor, and of all things it is essential that the national unity shall be maintained in this conflict.

As to our man power, there is no doubt that we shall have to come to some form of organized and directed national service before we get very far in the prosecution of this war. It will not be found effective or equitable to leave the decision for national service to the desire or necessity of the individual.

Stop Me If . . . .

Lord Lothian, the new British ambassador to Washington, tells a bit of unrecorded history about the late Sir Sam Hughes.

Lord Lothian recalls his first visit to the Dominion more than 30 years ago. He landed at Quebec with the future minister of militia and his orderly, both of whom had just been through the South African War together.

"They had for each other a great liking," said Lord Lothian, "and an equal admiration for each other's impetuosity and courage. I joined them in Montreal and Toronto and everywhere we went Sam introduced not only his friend but me also, to scores of acquaintances, as 'three people who fought and bled and died together in South Africa.'"

Week in Business

Retail Trade Improves Under Stimulus of War

Expenditures on Munitions and in Soldiers' Pay Brings Activity — Furniture and Jewellery Sales Meet Good Demand

Evidence of improving business in Canada, continues to accumulate.

Due to a number of conditions, buying power is increasing, and the movement of goods is expanding accordingly. Among the conditions affecting the volume of business, may be mentioned:

The large western crop, with expectation that it will be sold at higher prices.

Increasing export trade.

War orders now being placed, or in prospect.

Better employment conditions, owing to greater industrial activity, and to enlistment of thousands of men, some of whom formerly had no job.

* * *

While the price of wheat is still hovering around the 70-cent mark, the price guaranteed by the Dominion Government, the large crop has ensured a substantial return to farmers. On top of this is the belief that eventually much higher levels will be seen. Accordingly while some western farmers have been delivering their grain to the Wheat Board others have been holding back a part of their crop at least. Those who want ready cash it is understood are getting it by borrowing from the banks on the security of their grain. The result is that trade in western cities has been showing a steady increase. Payments on debts are also improving. The increased circulation of money is reflected in the advances shown at various centres in bank clearings.

Exports of domestic produce in September were valued at $81.4 millions compared with $72.2 millions a year ago, figures in both cases excluding gold. Exports for the first nine months of the year at $636.3 millions compare with $594.5 millions last year. In view of the extent to which Canada depends on her export trade, this is especially important.

* * *

While the volume of war orders actually placed so far is small in relation to that expected, it is substantial. Orders placed by the Canadian Government for cloth, uniforms, boots, and other soldiers' equipment now run into sizeable figures. They are, however, only beginning.

This in turn is affecting employment. Concerns either working on war orders or expecting them are taking no chances that they will be caught short of skilled labor. On top of this thousands of men have been absorbed in the forces preparing to go overseas or to do home defense duty. The British plan to make Canada the main training ground for the air service points to greater developments along this line.

All these conditions have been reflected in the expansion in revenue freight carloadings which recently have been running well above the levels for the last two years.

Statements by retail merchants confirm the reports of improved business. All lines have been active. Demand for jewellery and furniture for instance, two lines which it was thought might lag after the outbreak of war has been satisfactory. This shows how war expenditures react on ordinary lines of industry and trade.

Business Indicators

Current business quieter but still active, with D.B.S. index of business activity for week ended Oct. 7 slightly below last year.

Department stores sales in September lower than year ago.

Carloadings for week ended Oct. 7 above 1938 level. Total for year to date up 2.7%.

Railway earnings for both roads continue above last year. Cumulative for year to date up 9% and 5% for C.N.R. and C.P.R. respectively.

Automotive production shows declines for first nine months, of 10% and 12% in passenger car and truck divisions respectively. Exports lower for September but 1.2% higher for nine months.

Flour and wheat exports for first nine months increase 34.7% and 75.3% over 1938 levels.

Newsprint production above last year both for month and nine months.

Coal production and imports in August above year ago. Totals for eight months up 3.8% and down 10.5% respectively.

Crude oil imports for first eight months 7.5% over last year.

Shoe production in August above last year's level. Cumulative for eight months up 5.3%.

Bond sales in September lower than last year. Total for first nine months up 23.8%.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus ▲.

	Oct. 7	Sept. 30	Sept. 23	Sept. 16	Oct. 8/38
Commodity prices	78.0	77.9	77.9	77.4	74.2
Weekly index	107.0	108.1	110.2	110.3	109.5
	Sept.	Aug.	July	June	Year Ago
Financial Post index	....	*121.0	119.8	118.8	109.2
Retail index no. of sales	....	81.2	83.4	84.9	78.5
Dept. store "	▲85.7	73.1	77.3	72.1	76.8
Wholesale "	....	102.6	92.1	99.3	98.2
Country (% change fr. last yr.)	....	—2.2	—6.2	—7.7	—0.8
Employment D.B.S. Index—	Sept. 1	Aug. 1	July 1	June 1	Year Ago
All industries	119.6	117.5	115.8	113.1	115.1
Manufacturing	115.3	112.8	111.3	111.4	113.8
Wage earners No. (000)	....	....	2,419	2,385	2,308
Living costs	...	▲$17.02	$16.93	$16.92	$17.70
			Jan. 1 to date		%
Railways—	1939	1938	1939	1938	Change
Carloadings, week (Oct. 7)	▲68,594	60,686	1,899,067	1,848,246	+2.7
C.N.R. gross, week (Oct. 7)	$ ▲4,867,548	4,496,271	147,113,485	134,833,705	+9.1
C.P.R. gross, week (Oct. 7)	$ ▲4,367,000	3,929,000	109,810,000	104,274,000	+5.3
C.P.R. net revenue (Aug.)	$ 905,950	491,021	6,883,453	3,679,387	+87.0
C.N.R. net revenue (Aug.)	$ 638,203	660,249	347,712	•5,116,693	....
Iron and Steel (Aug.)—					
Pig iron production (tons)	65,920	49,477	422,028	504,873	—16.4
Steel ingots and castings prod. (tons)	122,019	82,871	813,309	837,449	—2.8
Automobiles (Number)—					
Passenger Cars:					
Domestic sales* (Aug.)	3,646	4,591	63,874	71,603	—10.7
Factory output (Sept.)	▲3,494	4,290	79,642	88,728	—10.2
Trucks and Buses:					
Domestic sales* (Aug.)	2,494	2,613	18,039	20,250	—10.9
Factory output (Sept.)	▲427	1,799	30,644	34,978	—12.4
Exports (Sept.)	▲1,927	3,460	47,708	47,103	+1.2
Financing (Aug.):					
Used	$ 3,288,609	3,231,692	24,998,564	26,684,357	—6.3
New	$ 2,276,081	2,501,978	20,122,942	25,447,092	—20.9
Construction—					
Contracts awarded (Sept.)	$ 19,379,100	19,534,900	150,781,900	143,461,700	+5.1
Cement, bbls (June)	727,842	750,691	1,995,618	2,172,218	—8.1
Agriculture—					
Flour prod., bbls (Aug.)	1,382,158	1,103,037	9,310,011	7,542,888	+23.4
Flour exp., bbls. (Sept.)	▲416,553	319,739	3,422,504	2,540,325	+34.7
Wheat exp., bush. (Sept.)	▲15,641,142	12,614,858	91,008,092	51,912,891	+75.3
Cattle sales (Sept.)	74,378	73,396	552,846	544,377	+1.5
Hog sales (Sept.)	62,225	48,919	476,324	505,631	—5.8
Sea Fisheries: (August)‡					
Catch, cwts	1,439,900	1,507,600	6,555,120	5,629,210	+16.4
Landed value	3,007,400	3,389,400	11,891,980	12,096,210	—1.6
Newsprint (tons)—					
Production (Sept.)	▲253,230	231,940	2,058,899	1,914,660	+7.5
Exports (August)	235,486	219,610	1,650,777	1,523,732	+8.3
Mining and Oils—					
Coal prod., tons (Aug.)	▲1,238,171	1,012,901	9,110,947	8,770,014	+3.8
Coal imports, tons (Aug.)	▲1,628,296	1,463,919	7,085,215	7,921,719	—10.5
Gold prod., fine oz. (July)	440,065	419,685	2,932,510	2,639,755	+11.0
Nickel prod., lb. (July)	19,648,013	17,429,616	129,962,767	126,584,357	+2.7
Copper prod., lb. (July)	50,203,445	48,271,652	346,672,044	332,173,260	+4.3
Crude oil prod., bbls (July)	899,169	701,813	4,270,407	3,623,291	+17.7
Crude oil imp., bbls. (Aug.)	▲4,726,300	3,776,880	22,901,957	21,294,908	+7.5
Electric Power Output (Aug.)—					
Total monthly m.k.w.†	2,291,425	2,075,901	18,239,617	16,782,052	+8.0
Foreign Trade—					
Imports (August)	$ 62,708,079	57,026,268	441,767,448	449,541,032	—1.7
Exports (August)	$111,032,492	86,537,952	670,023,411	580,937,398	+15.3
Other Industrial Factors—					
Dressed lumber exp.:					
M. bd. ft. (August)	248,455	147,205	1,363,405	1,069,207	+27.5
Shoes, prod., pr. (Aug.)	▲2,453,069	2,178,202	15,536,833	14,751,827	+5.3
Cotton imports, lb. (July)	9,419,000	7,588,000	62,983,000	71,694,000	—12.1
Raw rubber imp., lb. (Aug.)	4,555,357	4,105,536	40,749,357	35,465,910	+14.9
Cigarette cons. (Aug.) No.†	719,562	668,798	4,689,888	4,539,360	+3.3
Sugar manufactured, lb §	71,827,680	96,270,679	561,198,546	567,116,974	—1.0
Finance—					
Bank debits (August)†	$ 2,389,741	2,371,129	19,899,573	19,422,568	+2.4
Bond sales (Sept.)†	$ ▲50,604	54,893	1,031,356	832,642	+23.8
Life insurance (August.)	$ 28,558,000	28,446,000	253,345,000	252,913,000	+0.17

*D.B.S. All Canada figure comprising over 90% of the Canadian total.
†000s omitted. §For four weeks to Sept. 9, 1939. •Deficit.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. *Final.

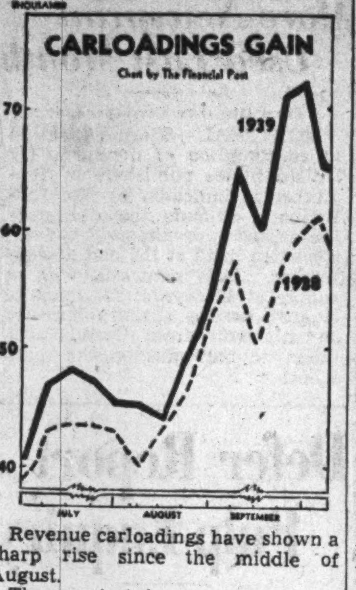
S. J. Hungerford's Term Extended for Three Years

From Our Own Correspondent

MONTREAL.—S. J. Hungerford's appointment as chairman of the board of directors of Canadian National Railways Co. for another three-year term, effective as from Oct. 1, is announced by the Government.

It was also announced that James A. Northey, of Toronto, and Wilfrid J. T. Gagnon, Montreal, have been reappointed directors of the company for another three-year term.

The WESTERN SAVINGS and LOAN ASSOCIATION
HEAD OFFICE: WINNIPEG, MANITOBA
OFFICES:
Agency Building - - - - - Edmonton, Alta.
221A 8th Ave. W. - - - - - - - Calgary, Alta.
McCallum-Hill Building - - - - - Regina, Sask.
411 Avenue Building - - - - - Saskatoon, Sask.



Revenue carloadings have shown a sharp rise since the middle of August.

The greatest increase took place in September. It was due partly to the movement of western grain and partly to heavy buying of merchandise following the outbreak of war. Merchants and manufacturers were purchasing freely so they would not be caught short on a rising market. The movement of merchandise has been well maintained but grain loadings recently have fallen off because of congestion in elevators, lack of ocean shipping and overseas demand. It has also been due partly to western farmers holding back wheat in hopes of a rise in prices.

The chart which covers the period from July 1 to October 7 shows loadings reaching their peak the week ended Sept. 23 and despite the recent decline still holding well above 1938 levels.

Keeping Posted

Veteran Business Commentator Shares His Wide Reading With Businessmen

By J. C. KIRKWOOD

JOHN C. KIRKWOOD

Never in the past, in belief of Warren B. Hastings, secretary, Canadian section, Society of Automotive Engineers, have there been as striking demonstrations of the responsiveness of the automotive industry to consumer criticism, as are found in the cars of 1940. Writing in Maclean's Magazine of Oct. 15, he says there is scarcely a unit that has not been improved.

Millions upon millions of dollars have been spent on jigs, tools and dies for the production of the new season's models. General Motors has spent $16 millions. Chrysler has likewise spent many, many millions, including three millions for the construction and equipment of an addition to their engineering and research building. Ford has spent an undisclosed amount on retooling costs.

Add to what General Motors, Chrysler, Studebaker, Ford, Packard, Nash and Hudson have spent, the vast sum of $50 millions invested in new manufacturing equipment before a wheel turned in the production of the 1940 cars.

* * *

More Batteries

R. H. Combs, president, Prest-O-Lite Storage Battery Co., Toronto, told me that his factory is working six days a week—instead of the usual five—to meet the greatly increased demand for batteries. He said that it is the extra millions which the Canadian West has this autumn which has made the market for batteries so much better. The implication is that the market for motor cars in western Canada has quite enormously improved as a consequence of the new western prosperity.

* * *

How to Make Airplanes

The spotlight which has fallen on Canada as a training centre for air pilots, and also as a builder of planes, makes the opening article in the September issue of Canadian Machinery most timely. This article, by Editor R. C. Tiplady, is designed to show Canadian industrialists some of the essential planning features necessary in the manufacture of aircraft Mr. Tiplady tells how the Westland Lysander army co-operation plane is being made by the National Steel Car Corp., of Hamilton, at its new plant at the Malton Airport. The article is adequately illustrated, diagrammatically and otherwise.

* * *

Hats

J. Herbert Hodgins, managing editor of Mayfair Magazine, quotes in the October issue what a writer in the New York Herald-Tribune says about the influence of King George's visit to the United States on men's wear:

"Apparently the clothes worn by King George VI of England are beginning to have an effect on men's clothes in this country A local bootmaker tells me that he has noted a definite revival of interest in brown suede shoes since the King wore them in Banff."

The hat favored by the King for informal wear with lounge suits—a felt with a brim turned down all around—has become so popular that it is being imported by U. S. hat dealers.

Bata Shoe Enterprise Enters Second Phase

Starts Erection of New Factory and Workers' Houses

Start of construction of a new factory building and 65 employee dwellings has launched second phase of development of the Canadian production unit of Bata Shoe Co., world-girdling Czech enterprise. First phase consisted chiefly of bringing in the necessary machinery and key production men, and getting preliminary production under way in a temporary plant, a former paper mill at Frankford, Ont.

It is less than four months since Ottawa sanctioned establishment of Bata in Canada, and two months ago the war cut off further emigration of key workers from onetime Czecho-Slovakia. Nevertheless, more than 350 workers are already employed in the temporary factory production has attained a capacity of 900 pairs a day, and merchandising of Canadian-made Bata shoes has been begun in Canadian and export markets.

Department store advertising in Canadian cities has offered specialty shoes "Made in Canada by Bata."

Complete by Year End

It is expected that the new plant and most of the 65 dwellings will be completed by the end of the year, after which the machinery will be moved from its temporary quarters. The factory will be five stories high, of concrete construction, with dimensions of 180 x 280 ft. Cost is estimated at $170,000. Forty of the 65 houses will be single bungalows, the remainder double units. Six houses were built by the company during the last couple of months.

Ultimately the company plans to develop around the Frankford plant a self-contained and fully equipped community, with theatre, hospital, churches, stores, sports and recreational facilities.

To take care of the estimated requirements of the export and Canadian markets, present production capacity will have to be considerably increased. When this will be attained has not been definitely estimated, and in any event is secondary to the machine servicing and production research operations at the plant. These will be the most important phase of the Frankford development, and are expected to absorb 1,100 to 1,200 of the total ultimate working force of 1,800.

Sixty-five Key Men

Of the present payroll of about 350, some 65 are engineers, production supervisors and other key men brought into Canada from Bata plants in Czecho-Slovakia and elsewhere, under the agreement with the Canadian Government. It had tentatively been planned to bring in up to 250 key employees for varying periods of time, but advent of the war has made it necessary for the company to make the most of those who reached here before the outbreak of war.

Company officials are optimistic over their ability to do so, especially in view of the satisfactory manner in which Canadian employees are absorbing instruction in Bata methods of production.

For time being, market requirements which will ultimately be met from the Canadian plant, especially in export fields, are being filled from the English plant. This, however, presents difficulties, and it is hoped to expand production as soon as possible to meet at least 60% of export requirements from Canada.

New Building

Elgin Realty Co., Toronto, has arranged for construction of initial units in what is planned as a 150-unit housing development in North York township, under National Housing Act financing.

Canadian Industries Ltd. has awarded general contract for $400,000 caustic soda finishing plant at Shawinigan Falls, Que., to Fraser Brace Engineering Co., structural steel contract going to Dominion Bridge Co.

Bell Telephone Co. will award contract shortly for new building in Kitchener, Ont., to house dial and other equipment for Kitchener-Waterloo district.

Blue Top Brewing Co., Kitchener, Ont., is having plans drafted for construction of a three-story, $60,000 addition to its plant. Extension will be cork-insulated throughout and will provide additional storage, ageing and fermenting capacity.

National Steel Car Co. is making a further addition to its aircraft plant at Malton, near Toronto, and has enlarged plans for the addition already started to its Hamilton plant.

Dom. Dept. of Public Works has awarded contract at $151,000 for construction of cold storage annex at Halifax.

The "Main Street" Market
69%
is your major market!

The buying power of "Main Street" is not a novelist's dream, but a vibrant merchandising reality. Concentrated in towns and villages across the Dominion, it is responsible for 69% of retail sales in the whole of Canada.

By advertising in Canada's Weekly Newspapers you tap the full force of that buying power with a resultful precision impossible to achieve through any other medium.

Why? Because the predominant interests of the people who live in those towns and villages are absolutely local. Because the Weekly Newspapers **alone** cater to and stimulate those localized interests. And because your product advertised in the Weekly Newspapers assumes an intimate, **localized** significance to those who possess and exercise that 69% buying power at point of sale.

Canada's "Main Street" Market is your major market. And Canada's Weekly Newspapers are your most economical, most direct, most effective means of reaching it.

C. V. CHARTERS
Managing Director
BRAMPTON, Ont.

CANADIAN WEEKLY NEWSPAPERS ASSOCIATION

U.K. Reluctant To Fix Prices

In Meantime War Production Control Plans Hanging Fire

From Our Own Correspondent

OTTAWA.—Two phases of agricultural policy in war are being discussed at Ottawa.

The first concerns production of bacon and shipments of this product to Britain; the second, cheese.

Reports to the effect that the packers and the Government reached an agreement with respect to hog prices for the next 12 months are not strictly true. It is learned that the packers came to Ottawa and conferred with senior officials of the Department of Agriculture as to the war policy to be followed. No definite programme could be agreed to in the absence of word from London as to whether Canadian bacon was wanted in increased volume and, if so, how much and at what price.

No Price Guaranteed

It seems that no definite answers to these questions have yet been obtained. The British Government, contrary to general belief, is still receiving large shipments of Danish bacon. But the British appear to be prepared to receive about double the current exports from Canada although it seems to be impossible to arrive at any fixed price in advance. Absence of commitment of price naturally makes the job of planning production in Canada extremely difficult and financially hazardous.

But even without a price commitment on the exportable surplus, there is a strong body of opinion at Ottawa which would proceed with this scheme. Those who hold this view argue that enlarged production would safeguard one of Britain's essential food supplies. It might be that Britain would not pay a price for the surplus which would mean a profit to the packers. But, in that event, Canada should chip in enough to see the industry through.

The opposition, which at the moment is very much in the saddle, believes that exports of this kind ought to stand on their own feet and that no subsidy should be paid unless the British Government specifically asks for it. Moreover by fixing prices for hogs, the way would be opened for fixed prices on feeds, bacon and, ultimately, other grains.

The cheese situation is different. There are large stocks of cheese in storage and Britain was urged to buy when the price was down around 10 cents per lb. Britain did not take action and, meantime, the price has risen to about 14.5 cents. Now Britain has made an offer—presumably dependent upon the granting of credit by Ottawa—but the offer is below the prevailing price and, therefore, no business is being done. The question is whether Canada should chip in enough money to cover the disparity between Britain's offer and the current price or if no action should be taken in the hope that the existing surplus will topple the price down to Britain's figure. The latter view is most likely to prevail.

TRENDS IN THE FIELD OF INVESTMENT

Facilities for studying the frequent changes in the field of investment and the status of securities are available to this organization through its branches: These facilities are at the disposal of our clients at any of our offices.

A. E. AMES & CO.
LIMITED
Business Established 1889
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Public Utility and Corporation Bonds

The bonds of Public Utility Companies and Corporations yield a satisfactory income return to the investor. A list of offerings will be mailed upon request.

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They've found a way...

ALL OVER THE COUNTRY there are people of modest means who are eager for the sense of security that life insurance can give them.

Yet many of these people cannot afford to buy Ordinary life insurance in $1,000 units, with premiums payable annually, semi-annually, quarterly, or even monthly. They have to buy life insurance just as they buy almost everything else—*in small amounts*—with premiums payable in small, frequent installments.

That is why these people are grateful for the special method of furnishing protection known as weekly-premium "Industrial" life insurance—insurance they can conveniently pay for because the premiums are due in modest weekly payments. In fact, it can truthfully be said that if weekly-premium life insurance were not available, millions of people would have no life insurance at all.

These people welcome, too, the added convenience of having a company agent call regularly at their homes to collect their insurance premiums.

The relatively small amount of insurance per policy, the special services rendered, and the additional fact that premiums are payable in small installments, tend to make weekly-premium Industrial life insurance somewhat more expensive for the company to handle, and therefore more expensive for the policyholder. The higher average death rate experienced among these people also contributes to a somewhat higher premium rate.

Metropolitan, however, is constantly studying ways of improving even further the efficiency with which this business is conducted. Throughout the years, consistent progress has been made in liberalizing the terms of Industrial insurance policies and providing more benefits for less cost.

Moreover, Metropolitan engages in extensive health activities in an effort to help these policyholders to protect their health and lengthen their lives.

Last year alone, Metropolitan paid or credited as dividends over $260,000,000 to its Industrial policyholders and their families. Surely such welcome funds, paid in time of need, bear testimony to the fact that millions of people have found a measure of security and peace of mind in Industrial life insurance.

This is Number 18 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements will be mailed upon request.

Metropolitan Life Insurance Company
(*A MUTUAL COMPANY*)
NEW YORK

Frederick H. Ecker
CHAIRMAN OF THE BOARD
Leroy A. Lincoln
PRESIDENT

CANADIAN HEAD OFFICE
OTTAWA

Pulp and Paper Industry

Newsprint Returns Record "Bulge"

Many Factors Combine To Boost Shipments to Highest Levels in Months

From Our Own Correspondent

MONTREAL.—Newsprint returns for September were on a larger scale than for any month since the beginning of 1938. The improvement in production, and especially in shipments, was most marked. How much of this betterment was due to war, higher consumption, stocking up, seasonal conditions, etc., it is hard to say. Seemingly it was a combination of many factors, with increased consumption in the United States playing the most important part.

Last month Canadian mills turned out 253,230 tons of newsprint paper and shipped 267,005 tons, making a net reduction in stocks on hand of around 14,000 tons, according to the Newsprint Service Bureau. For the same month last year output was 231,940 and shipments 230,346 tons.

Better Than Last Year

American mills reported a production in September of 77,309 tons, down slightly from the previous month, but 9,000 tons more than in September, 1938. Shipments were practically unchanged from August, but were 4,200 tons more than a year ago.

The Newfoundland mills had an output of 27,390 tons last month, or about 10% less than in the previous month, but 5,000 tons more than in September last year. Shipments on the other hand were 31,236 tons in September; 14,500 tons less than in August and 3,500 tons more than in September last year.

Effect on Shipments

The war's influence and the disruption of regular trade channels is reflected in the record of shipments. Canadian shipments last month were up 15.9% over Sept., 1938. Shipments to U. S. and Canadian customers, says the Newsprint Association of Canada, were responsible for the entire increase; recording gains of 24.1% and 26.7% respectively, while overseas shipments declined 18.1%.

Newfoundland's trade with the United States last month remained practically unchanged, but overseas shipments, principally to England, dropped to 24,339 tons as against 39,245 tons the month before.

More Paper Used

Preliminary reports indicate consumption of newsprint paper in the United States increased sharply last month. War news brought about a marked increase in circulation across the country, metropolitan papers reporting gains ranging from 5% to 15% in circulation. However, this circulation was not held throughout the month. Nevertheless during the first half of September there was a much larger circulation which more complete reports are expected to show, as being the primary cause for increased consumption of paper.

Ordinarily the volume of advertising linage would govern the consumption of paper in the United States, but September linage was off 1.9% from a year ago.

Cut Down Stocks

The accumulation of stocks of paper by American publishers has not reached any sizeable proportions. The publishers' association has reported some accumulation beyond normal requirements and has issued a sharp warning to its members. On the other hand, preliminary estimates indicate a supply of only 42 days of paper on hand at the end of last month. This is less than reported a month ago, which means that the publishers not only needed the larger shipments from Canadian and American mills to meet current requirements but had to dip into stocks. On the other hand, shipments from Europe were undoubtedly disrupted, but to what extent, will not be known until U. S. Department of Commerce releases the import figures.

Can. Railways Surcharge On Newsprint Holds at 7%

From Our Own Correspondent

MONTREAL.—Canadian railways have officially announced that the surcharge applicable on shipments of newsprint paper prepaid in Canada for the period October 1-14 inclusive will be 7%. This corresponds to the surcharge rate announced for the last half of September.

At Ocean Falls, B.C., this plant of Pacific Mills Ltd., subsidiary of Crown Zellerbach Corp., can make up to 90,000 tons of newsprint, 28,000 tons of machine finished wrapping paper, and varying amounts of sulphite, groundwood and kraft pulp. This company is one of three Canadian newsprint makers involved in hearings in San Francisco Nov. 27 of charges of violating United States anti-trust laws.

A.N.P.A. Speaks Bluntly To Publisher Paper Hoarders

From Our Own Correspondent

MONTREAL. — American Newspaper Publishers Association has issued a warning to its members that the only thing that will turn the present situation into a sellers' market is unwarranted nervousness by publishers and in creating a spot market which could not be justified on the basis of supply and demand

To the end of securing orderly marketing and in support of the view recently expressed by the Canadian manufacturers, the Association recommends that the buyers take equal monthly installments of the annual amount stipulated in the contract, regardless of temporary underconsumption below these monthly installments.

Plenty of Capacity

In its estimate of the newsprint situation, the A. N. P. A. says:

"There is ample capacity in the United States, Canada and Newfoundland to care for any reasonable needs of publishers, including 10% increase in consumption, even though the international situation disrupts and makes irregular the shipments of overseas newsprint. This capacity is based on what the mills have actually produced in recent years and does not include the changing of any machines to newsprint which are not now making newsprint.

"Newfoundland is an important source of supply and it should be remembered that Newfoundland is a separate governmental unit from Canada; is not subject to wood-cutting restrictions because the Corner Brook mill owns the forest and can ship 12 months a year.

"The survey indicates ample freight box cars in Canada to care for newsprint shipments even in the face of increasing railroad shipments of all kinds due to the war. It is important that publishers impress on their local railroad contacts that prompt return of box cars to Canada will aid in avoiding car scarcity or congestion.

Some Publishers Hoarding

"Some reports indicate a few publishers are ordering shipments in excess of their regular monthly quotas in their annual tonnage contracts. Analysis shows in some cases that the amounts ordered are in excess of reasonable needs, based on 10% increase in consumption. It is reiterated that the only thing that will turn the present situation into a sellers' market is unwarranted nervousness by publishers and in creating a 'spot market' that could not be justified on the basis of supply and demand.

"Hoarding or ordering beyond normal requirements to create stocks on hand beyond reasonable needs can create a condition that might cost publishers far more than any apparent temporary saving. If publishers do not take the long range view they are heading for trouble which they alone can avoid."

Bowaters Operating At Capacity Level

From Our Own Correspondent

MONTREAL. — Operations of Bowater's Newfoundland Pulp and Paper Mills Ltd. at Corner Brook, Nfld., are now close to capacity level, according to information from Newfoundland.

Progress is being made with the company's expansion programme. Construction of the wood barking and handling plant, which is essential to the prospected sulphite pulp extension, is proceeding satisfactorily. The addition to the office building has been completed.

As a result of the outbreak of war the company's wood cutting operations on the Gander limits on the East Coast have been curtailed. The company had planned to cut a total of 380,000 cords this season, including 80,000 cords on the East Coast. In addition, it contracted for 30,000 cords from the Island Timber Co. With the outbreak of war most of the East Coast operations were suspended. This will mean a reduction of about 40,000 cords in the total cut.

Seller Takes Over U. S. Pulp Market

From Our Own Correspondent

MONTREAL. — Freight and insurance charges on shipments of wood pulp from Scandinavian and other European countries to the United States, have increased sharply and there is "much doubt" as to the amount of pulp that could be delivered even at the increased charges, according to report issued by the United States Tariff Commission.

The Commission noted that Sweden, Norway, Finland and other European countries "in recent years have been supplying over two thirds of the total imports of wood pulp into the United States."

Raymond B. Stevens, Commission Chairman, said that under present conditions resulting from the war, "the situation in wood pulp changed in the course of a few days from a buyers' to a sellers' market."

Price Bros. Wood Cut Plans on Larger Scale

From Our Own Correspondent

MONTREAL.—Price Brothers and Co.'s wood-cutting operations this year will show an increase of about 60% over last year, but will not reach the high record of 1937-38. At present about 3,000 men are employed in the company's own camps and the number will hortly reach 4,000. It is expected the season will be of normal duration. Operations are being carried on by the company on the Shipshaw, Ecorce and Picoba Rivers.

Anti-trust Suit Will Continue

Coast Newsprint Producers to Appear in Court Next Month

From Our Own Correspondent

MONTREAL.— United States Government plans to continue prosecution of the west coast newsprint producers for alleged anti-trust activities.

Seven newsprint companies, including three Canadian corporations and 15 of their officials, are scheduled to appear in the San Francisco courts on November 27 on charges of violating the Sherman Anti-Trust Act and the anti-trust provision of the Wilson Tariff Act of 1894. The Canadian companies involved are Pacific Mills, Powell River Co., and the latter's selling agency.

The company and officials were indicted July 12 by special Federal Grand Jury for alleged violation of the anti-trust laws in connection with manufacture and distribution of newsprint paper on the Pacific coast.

Federal officials, who presented the case to the Grand Jury, said it was probably the first time a criminal indictment had been returned against a corporation for anti-trust violation.

Maximum penalty, upon conviction, will be $15,000 fine and three years imprisonment.

U. S. Sets Labor Wage On Govt. Paper Orders

From Our Own Correspondent

MONTREAL.—Secretary of Labor Perkins has announced determination of minimum wages which must be paid by pulp and paper manufacturers in the United States in performance of contracts with the government or its agencies.

The Secretary divided the country into three regions and fixed a minimum wage for each as follows: Southern States, 35 cents an hour; Northern and Widwestern States, 39 cents an hour; and Pacific Coast, 50 cents an hour.

According to dispatches from Washington, the Secretary's determination of the minimum wages for all paper and pulp industries appears to be in direct conflict with the ruling of the Court of Appeals for the District of Columbia, which held in the "Little Steel" case that determination of prevailing wages must be based on locality and not on predominant practice of an industry viewed over a broad region.

Riordan Pulp Calls Bonds for Sinking Fund

From Our Own Correspondent

MONTREAL.—Riordan Pulp and Paper Co., a wholly-owned subsidiary of Canadian International Paper Co., has called $86,300 of its 6% first mortgage debentures for redemption on December 31, for account of the sinking fund. Payment will be at the rate of 105 and accrued interest.

With this redemption the bonded debt of Riordan will be reduced to $201,600. The issue as a whole matures on June 30, 1942.

Masonite Plant Ready By February Next Year

From Our Own Correspondent

MONTREAL.—Masonite Corp. of Canada, jointly controlled by Canadian International Paper Co. and the Masonite Co., expects to have its Canadian plant in operation by February, 1940. Work on the plant, which is being built at Gatineau, adjacent to the C.I.P. plant, is well advanced.

More Newsprint Used Last Month

From Our Own Correspondent

MONTREAL.—Sharp expansion in consumption of newsprint by United States publishers in September is indicated by the preliminary estimate that the publishers had approximately 42 days' stocks on hand at the end of September. This contrasts with a supply of 48 days at the close of August, despite a sharp increase in shipments from Canada und other sources during the past month.

Defer Report Pulp Enquiry

U. S. Tariff Board Says War Brings About Complete Change

From Our Own Correspondent

MONTREAL. — United States Tariff Commission will withhold for the time being, completion of the report on wood pulp and pulpwood, the investigation of which was ordered by the Senate. However, the Commission will continue to follow current conditions and report on them if at any time the situation seems to warrant such action.

Preliminary enquiries indicate that the more conspicuous changes that have occurred since 1937 were the fall in United States exports of wood pulp to Japan, substantial additions to pulp-producing capacity in the United States, a marked decline in pulp prices, and generally depressed conditions in the domestic industry.

War Changes All

Before the work of obtaining and analyzing complete information on these and other developments was far advanced, the outbreak of the war in Europe led to disturbances of shipping from Sweden, Norway, Finland and other European countries—countries which together in recent years have been supplying over two thirds of the total imports of wood pulp into the United States.

Freight and insurance charges on shipments from Europe have been sharply increased and there is much doubt as to what quantities of wood pulp can be delivered, even at these increased charges. Under these circumstances the situation on wood pulp changed in the course of a few days from a buyers' to a sellers' market. Whether or not the conditions will continue, or be somewhat moderated, or be intensified during the remainder of the war period, cannot now be foreseen.

At any rate, conditions prevailing at the time of the resolution was introduced in the Senate do not now exist and it seems unlikely that they will arise as long as the European war continues.

Pertinent Need Save Forests

President of C.P.P.A. Says Utilization Goes With Conservation

From Our Own Correspondent

MONTREAL.—"There is a very pertinent need of keeping forest conservation actively and continuously in the foreground at this time, especially during the period of the war," according to a statement issued by R. A. McInnis, president of the Canadian Pulp and Paper Association.

"We are the most important producers of forest products in the world today," he said, "with a market throughout the entire world. It is, therefore, tremendously important that every association connected with forest products, and the various governments and departments of governments, keep constantly and continuously in mind the importance of forest conservation and at the same time economic forest utilization, because we cannot separate utilization from conservation.

Drain on Resources

"Very few people realize that at the outbreak of the last war Canada was just beginning, in a feeble way, to become an important pulp and paper manufacturing country.

"In 1913 Canada produced about 350,000 tons of newsprint and 200,000 tons of other paper products. In 1937 Canada produced newsprint and other paper products, about 4 million tons. That was a big year; but in 1939 Canada will produce paper products of various kinds, including newsprint, about 3,500.000 tons.

"In addition the production of groundwood and sulphite pulp has grown tremendously to meet a world-wide market of prodigious growth.

"At this time, due to war conditions, there will be a terrific drain upon the products of our forests for lumber, pulp, paper and many others."

Newsprint Mills Operate at 72.7%

From Our Own Correspondent

MONTREAL. — Canadian newsprint mills report an operating ratio in September of 72.7% of capacity. This contrasts with a ratio of 63% in August and of 68.2% in Sept., 1938. Further, it is noted that last month's ratio was the best reported by the industry since Dec., 1937.

The ratio of 72.7% applies to the industry as a whole. Companies in which there is a public investment interest operated at a somewhat lower level, because the non-commercial mills worked at a level considerably above the average.

ARE YOUR MULTIGRAPHED MESSAGES LABELLED

UNIMPORTANT

There's plenty of difference in multigraphed bulletins. You've probably had the pleasure of whizzing a few of the fuzzy, cheap-looking variety into your own waste basket. This kind of message—by its very appearance — is labelled "Unimportant"!

But how about your own company's multigraphing?

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Fanny Farmer

I would appreciate your comments on Fanny Farmer Candy Shops Inc.

We understand that Fanny Farmer Candy Shops has been able to show gains in sales and profits this year. For a number of years, this organization has been able to show sales increases due to increases in number of stores operated. In 1938 total sales were the largest in the company's history, totalling $6.9 millions compared with $6.6 millions in the previous year.

At the present time there is evidence of decided upturn in business in the U. S. The betterment has been extended to almost all lines of business and it is reasonable to suppose that as the earning power of the individual consumer is increased Fanny Farmer will feel the full effect of this increased purchasing power. On this premise, and in view of the steadily increasing sales, even through depression years period, it may be assumed that prospects for future business are bright. This, of course, is based upon U. S. remaining out of the war. It is difficult to say what would occur if the Republic entered into hostilities.

In 1938, net profit was $904,059, compared with $803,937 in the preceding year. Earnings per share amounted to $2.35 in 1938, $2.06 in 1937 and $1.50 in 1936. Dividends are being paid on a $1.50 basis plus extras. In 1938 payments totalled $1.75 a share, the same as in 1937. In the current year, there have been two payments of 37½ cents, the quarterly payment having been increased from 25 cents with the payment due April 1, 1939. In the year there will therefore be regular payments of $1.50, without extras. Last year there were extras of 75 cents paid on the stock. There is a possibility that payments made during the year will show an increase over those of 1938.

The company has continued to extend its operations, and in 1938 18 additional stores were opened up, bringing total number in operation to 238 at the end of the year. Six "studios" are operated, an addition having been built to the Rochester studio in 1938.

Liquid position of the company is very strong, and at the end of 1938 working capital amounted to more than $1.3 million, an increase of about $25,000 from 1937.

German Bonds

I have received an offer of $100 and $160 for $1,000 principal amount of Austrian and $1,000 of German bonds. Would you advise me on what action I should take on this offer?

To our knowledge there is no active market in Canada for either your German or Austrian bonds. German bonds are quoted in New York at around $10, while there is no quotation on the Austrian issue.

When Germany absorbed Austria she refused to service that country's sterling or dollar debts. Subsequently, the British brought pressure to bear on Germany and interest payments were resumed on the sterling debts, but there was nothing done about the U. S. debt. Both issues are in default and we know of no place you could market them in Canada.

There might be a market in New York. You will be able to obtain permission from the Exchange Control Board to sell these bonds in the U. S.

The outlook for either of these obligations looks extremely doubtful. If the Allied powers lose the conflict it seems unlikely that the Reich will feel disposed to resume, if it could, payment on its external debt. If the Allies win, there is only a remote possibility that Germany could or would be able to resume payments on this debt.

Dosco

What is the outlook for Dominion Steel and Coal Co.? Are there any prospects of it paying dividends?

Earnings of Dominion Steel and Coal Co. should tend to increase and it may be possible for it to pay dividends on its class B shares. The company has materially improved its operating and financial position in recent years. It is now in a better position than ever before in its history. In 1938 it earned $1.19 a share on its class B shares. The manufacture of munitions and construction of ships in Canada as a result of the war in Europe should mean earnings for the company.

Edmonton Bonds

What is your opinion of City of Edmonton obligations?

Edmonton has been able to show good progress since it entered into an arrangement with debenture holders in 1937, whereby the municipality's funded debt was refunded. Fixed charges have been cut substantially, and other charges have shown small increases. The city has been able to retire a good proportion of its debenture debt.

In 1938, the second year of the plan's operation, the city was able to report a slight betterment in tax collections. Arrears were substantially reduced. This improved position in the financial condition of Edmonton was shown before the war in rising prices for its bonds. Since the outbreak of war there has been a sharp break in the prices. The decline can in no way be attributed to any weakening in the various institutions' credit position, but is merely apprehension of investors as to the value of fixed term obligations, compared with equities in wartime.

In considering purchase of municipal bonds of this kind you must consider the new position in which municipalities find themselves. There have been no plans announced for co-ordinating financial plans of the municipalities and senior authorities, but civic officials will no doubt have to reconsider the position of their municipalities in relation to the financial needs of the other governments. Taxpayers will be called upon to make large contributions to the cost of waging war. It may, therefore, be necessary for municipalities to permit greater proportions of taxes to go to the Dominion Government, and lighten somewhat their own imposts.

Local conditions will play an important part in determining municipal financial operations. The good wheat crop this year in the West, and more satisfactory selling prices for grain, should be reflected in a more favorable financial position for Edmonton.

C. P. R.

I should like to have your comments on the outlook for Canadian Pacific Railway common shares.

The outlook for Canadian Pacific Railway is for improved earnings in the immediate future. In fact, there has been a marked increase in rail earnings in recent weeks. While the latter is largely due to a greater movement of grain as a result of the larger crop in western Canada, carloadings of other commodities have also increased.

Canada's participation in the war will mean full use of our agricultural and industrial machinery. Supplies and materials are likely to be ordered in Canada by the Allies and domestic purchasing power should increase. This means additional traffic for the railways. Another favorable factor is the longer haul on a considerable volume of freight which usually moves through Vancouver and via the Panama Canal. Expectations are this will now be shipped eastward through Canadian Atlantic ports.

Earnings in the current year are expected to be around the 1937 level of 30 cents a share on the common stock. In 1940, and for the duration of the war, earnings should be better than in any recent years. Improvement in earnings can be expected to be reflected in the price of the common stock.

Bell Telephone

I hold some Bell Telephone common shares which I bought at $130. Will this company be adversely affected by the war?

Bell Telephone common stock continues to be a stable investment medium. Its earnings are not likely to be adversely affected by the war, except in so far as it has to pay a premium on U. S. funds purchased to meet interest on its bonds, and as higher operating costs and a fixed tariff of rates reduces profit margins. Earnings may increase as business activity accelerates.

The price you paid for this stock is substantially lower than the present market value. You would have difficulty in finding a sound investment medium which would give you as large a yield.

Imperial Tobacco

I would like your opinion on the common stock of Imperial Tobacco Company of Canada. Can you supply an estimate of current earning power?

Imperial Tobacco Co. of Canada's capital stock is regarded as a prime investment medium. This company controls about 70% of the tobacco business in Canada and over a period of years has built up a very strong financial position and well-established earning power. The dividend has always been earned by a comfortable margin and while no information is available on the current trend of earnings, the withdrawals of tobacco from bonded warehouses would indicate that revenues for 1939 will be well up to those of 1938, when the company earned 63c. a share.

Commercial Alcohol

Please comment on Commercial Alcohol shares. Is the company paying dividends? When?

Commercial Alcohol Co. is currently reported to be doing a much better volume of business, particularly in the magnesia division. The latter results from the fact that Great Britain, which has been supplying about 40% of Canada's requirements, is now temporarily out of the market. Alcohol sales have been reasonably satisfactory and earnings in both divisions are on a somewhat larger scale than a year ago. An initial dividend of 10c. a share was paid on the present common stock on May 15, 1939. Dividends on the old common stock, before the stock split in 1933, were paid quarterly from July 15, 1927, to April 20, 1928, inclusive, at the rate of $1 per share per annum.

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New Books . . . . .

How Nazi Spies Work

ARMIES OF SPIES. By Joseph Gollomb. Published by the Macmillan Co. of Canada, Toronto. Price $2.75.

NAZI SPIES IN AMERICA. By Leon G. Turrou. Published by the Macmillan Co. of Canada, Toronto. Price $2.25.

Nazi Germany plants her agents in foreign countries not merely to gather military, naval and air force secrets, but also for purposes of political penetration—to arouse disorder, to establish local Nazi organizations and to pave the way for conquest. Germany acts on the principle that every Reichsmark spent in this way before a war may save a thousand Reichsmarks later by opening a pathway for military victory.

These two books are lurid enough but it is the facts that are lurid. Mr. Gollomb's book on "Armies of Spies" deals particularly with the manner in which German, Japanese and Italian political penetrators have operated to spread disintegrating propaganda and to achieve, by assassination and civil disorder, the downfall of government in countries that are soon to be the object of attack. He tells a few stories of such romantic spies as Mme. de Littke (the Balkan Mata Hari), and Colonel Doihara, Japan's spy chief in the Far East. But most of his volume deals with the technique of the "torpedoes," groups that bore from within in the interests of the dictatorships. Included are the Cagoulards in France, the Iron Guard in Roumania, Franco's "Fifth Column" in Spain and the Gestapo in Austria and Czecho-Slovakia. None of his accounts are documented and they have to be taken on faith. They are probably accurate as a broad picture but may be inaccurate in detail as is proved when one compares his accounts of the Nazi spy ring in America with the record given by Mr. Turrou in his book.

Mr. Gollomb seems to think it is only the Fascist powers that spy on others. By inference he gives Communist Russia a clean bill of health, which is a curious thing in the light of the Krivitsky revelations of Stalin's underground activities in Europe and America.

Mr. Turrou's "Nazi Spies in America" is a more satisfying book. It tells the complete story of the efforts of the "G-men" to break up the Nazi spy ring in the United States. Mr. Turrou was the F.B.I. man in charge of the case that ended by imprisonment for four self-confessed German agents in 1938. Mr. Turrou has now retired as a G-man. One suspects that his book has been ghost-written. In any event his story loses nothing in the telling. But it is a story that ought to be widely read and well remembered. For it reveals how easy it is for foreign agents to operate in a country that—like the United States and Canada—is not "spy-conscious."

Between 1933 and 1938 German agents operated with the utmost ease in these two countries planting loyal Nazis in the army and navy, in airplane factories and other vital centres. Through the crews of the German passenger steamers running in and out of New York they maintained contact with headquarters in Germany. When spies were suspected they had no difficulty in getting home and the German authorities brazenly flouted American police and state department officials. In the 1938 case one notorious agent was smuggled aboard a German freighter at Montreal with the connivance of the German consul general in that city.

Only minor "stooges" were imprisoned in 1938; all the big fellows got away. The F.B.I. shows up to small advantage in the Turrou record but this is less reflection of the G-men's inefficiency than of the undisturbed disregard of the American people for the whole business of spies and spying.

With Canada at war, citizens will be more alert to uncover and report the activities of Nazi agents. But the average Canadian, who reads the record of the case of Dr. Griebl and his junior associates, is likely to shudder as it makes him realize that in this country too Nazi spies have been busy these many years, organizing their Bunds, studying our vital points and planning their sabotage for the present war.

Data on Canada

THE CANADA YEAR BOOK, 1939. Published by the Dominion Bureau of Statistics, distributed by the King's Printer, Ottawa. Price $1.50 cloth, paper bound copies to ministers, teachers and students, 50 cents.

There are few books, if any, published in Canada, that are more used for reference than the Canada Year Book, the 1939 edition, of which, is now ready for distribution. This publication contains up-to-date information on the natural resources of the Dominion, its history, political institutions, population, education and the different branches of economic activity, including the various industries, trade, finance, transportation, etc. Special features this year include an article on the "Historical Background of Canadian Agriculture," one on the "Origin, Development and Operations of the Canadian Wheat Board," and an extended article on the "Development of the Press" in Canada.

A short account of the royal tour across Canada with suitable pictures is an added feature. There are 30 charts and maps in the volume which this year contains over 1,200 pages.

Provinces May Require $150 Millions Next Year

Ontario and Quebec Both Have Large Loans Maturing

REDUCE BORROWINGS

Loan requirements of the provincial governments during the next 15 months will amount to at least $150 millions.

Not all of this will be new borrowing. The provinces have maturities of about $85 millions which will have to be provided for through refunding loans. In addition, there are bank loans which will have to be refinanced.

It is not possible to make any definite estimate of the amount of new borrowings the provinces will require. This depends on a number of factors, including possible changes in the fiscal policies of some of the provinces.

Budgets for the current year give some idea of the outlays to be financed by borrowing. However, some curtailment of spending plans is likely. Ontario, for instance, has already suspended new road construction.

Without doubt some provinces will have to alter their fiscal policies. Conditions are no longer favorable to large borrowings by the province. Not only have interest rates advanced, but the bond market is not likely to give a favorable reception to substantial borrowings by the provinces.

Quebec's Needs Large

The province with the largest requirements is Quebec. In 1940 it has maturities of $35.7 millions. On Sept. 1 last it had a maturity of $10 millions which it met out of current funds. This will also have to be provided for.

It is difficult to make an accurate estimate of the amount Quebec will require to meet capital outlays and loans of the Farm Credit Bureau. However, the total may be as much as $50 millions.

The budget for the current year estimated an over-all deficit of about $21 millions. It is freely admitted, however, that it will be in excess of this figure. The budget did not include supplementary appropriations. The prospectus of the Quebec loan in New York two months ago stated the deficit would be "augmented substantially" by the road building programme and the continued necessity to provide unemployment relief.

The budget estimated unemployment relief expenditures on capital account at only $5 millions. Relief expenditure on capital account in the year ended June 30 last was over $24 millions.

Quebec may reduce its requirements by curtailing expenditures on roads. It has already suspended some relief works. In fact, investment circles are convinced Quebec has no alternative but to reduce expenditures. Large deficits in recent years have already impaired credit. Furthermore, recent experience indicates Quebec might have some difficulty in raising substantial loans with which to finance deficits and capital outlays, especially as it is unable to borrow in the U. S. market.

Ontario's Requirements

Including serial issues, Ontario has about $27 millions of maturities to meet in 1940. Capital expenditures for the year ending March 31 last were estimated at $23 millions. Recent action of the Ontario Government in suspending highway construction is likely to reduce this figure. As far as the 1940-41 fiscal year is concerned capital expenditures are likely to be kept to a minimum.

Prince Edward Island has no bond maturities until 1943, but having recently entered the bond market to refund bank loans, additional funds will be required.

Nova Scotia Gets Bank Loan

Nova Scotia has maturities of slightly over $3 millions in 1940. In addition, it has bank loans incurred to finance road construction during the past summer. It also secured a bank loan to meet a $3.5 million maturity on Oct. 1. Its total requirements, excluding any estimate of capital expenditures in 1940, will probably be around $13 millions.

New Brunswick has maturities of $5.5 millions in 1940, of which $3.1 millions are payable in U.S. funds. Capital outlays in the current year were provided by a loan floated in New York during the summer.

B. C. Has Large Maturities

Including serial maturities, British Columbia has about $4.8 millions of bonds falling due in 1940.

Borrowings by British Columbia for other than refunding purposes will not be large. In fact, it may finance such requirements by borrowing its share of relief costs from the Dominion Government.

The Pacific province faces a more difficult problem in 1941. In that year it has maturities of about $25 millions, of which $2 millions are payable in U.S. funds and $17.1 millions in sterling. However, refunding of these loans does not present as big a task as indicated, for the province holds about $13 millions of the sterling maturities in its sinking fund.

The Prairie Provinces

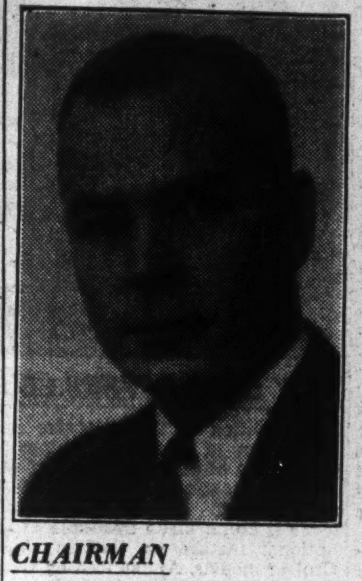
The three prairie provinces are in a different situation from the others. None of them have free entry to the bond market for funds.

Alberta pays only 50% of the statutory interest rate on its bonds, the minimum being 2%. It has defaulted all interest maturities since the end of March, 1936. Expenditures are financed out of current revenue, except a small amount of relief costs which it borrows from the Dominion.

Manitoba and Saskatchewan present somewhat of a problem. Financial circles have been expecting an adjustment of Dominion-Provincial relations which would solve the difficulties of these two provinces. In fact, it was on this assurance that financial institutions took up refunding loans of the two provinces during the past two years. Now, as a result of the outbreak of war, the report of the Royal Commission on Dominion Provincial Relations may be shelved.

Saskatchewan has $6.7 millions of maturities in 1940 and Manitoba $3.1 millions. Additional funds required will depend on the volume of relief expenditures.

As a result of the large wheat crop and a consequent reduction in relief outlay the budget position of these two provinces should improve. Yet, as far as borrowing is concerned they will continue to be dependent on loans from the Dominion Government. In fact, the Dominion may have to assist them in refunding maturing bonds.



CHAIRMAN

Kris A. Mapp, F.C.A., has just been elected chairman of the finance committee of the Dominion Association of Chartered Accountants. He is also chairman of the committee of the nine provincial institutes of chartered accountants that this year adopted uniform examinations for the profession in Canada. He is also immediate past president of the Canadian Society of Cost Accountants and Industrial Engineers.

Nfld. to Export Sawn Timber

Government Appoints Advisory Committee to Decide Policy

The Commission of Government of Newfoundland has appointed an advisory body to determine steps to be taken to increase Newfoundland's exports of pitprops and sawn timber to Great Britain and other countries.

The purpose of this is to take advantage of the opportunities offering for the development of the export timber trade and to carry on such operations on sound lines.

The outbreak of war has improved the position of Newfoundland as a possible source of timber products imported by Great Britain. Supplies formerly obtained by Great Britain from Scandinavian and Baltic countries are now difficult to secure. Newfoundland has already received one large British order as a result of this situation.

Wood for export will have to be cut largely from private holdings of timber. Early this year the Commission of Government announced it would issue no more permits for cutting wood pulp or pitprops for export from Crown lands, including the coastal belt.

Shawinigan Revenue Rises

Both Gross and Net Income Move Forward in Third Quarter

From Our Own Correspondent

MONTREAL.—Shawinigan Water & Power Co.'s interim statement for the three months ended September 30, shows a gross revenue of $3,674,722 and a net revenue available for fixed charges, depreciation and income taxes of $1,995,984. This contrasts with a gross income of $3,479,619 and a net revenue of $1,895,942 for the same period last year. Fixed charges showed a minor reduction, leaving the surplus before depreciation and income taxes for the past quarter at $1,074,814, as against $946,506 a year ago.

Cumulative returns reflect the continued expansion in revenues. Gross income for the first months of this year totalled $10.9 millions and the surplus before depreciation and income taxes $3,180,829. During the like period of 1938 gross amounted to just under $10.5 millions and the surplus $2,954,807.

Surplus Shows Increase

Comparative figures on the revenue and expense statement follow:

Statement of Revenue and Expenses
Three Months Ended Sept. 30

	1939 $	1938 $
Gross revenue	3,674,722	3,479,619
Expenses:		
General	855,825	821,838
Power purchased	436,462	402,992
Water rentals	122,581	126,724
Taxes & insurance	275,850	226,143
Exchange reserve	......	6,000
Net revenue	1,995,984	1,895,942
Fixed charges	921,170	949,436
Surplus*	1,074,814	946,506

*Before depreciation and income taxes.

Nine Months Ended Sept. 30

	1939 $	1938 $
Gross revenue	10,918,937	10,475,815
Expenses:		
General	2,481,471	2,389,311
Power purchased	1,298,441	1,209,810
Water rentals	362,399	374,507
Taxes & insurance	798,623	681,072
Res. for exchange	......	18,000
Net revenue	5,978,003	5,803,115
Fixed charges	2,797,174	2,848,308
Surplus*	3,180,829	2,954,807

*Before depreciation and income taxes.

Newfoundland Notes

British Pitprop Order

The Island Timber Co. has received an order from the British Timber Controller for 80,000 cords of pitprops to be cut in Newfoundland. Thomas Lodge, former member of the Commission of Government, is a director of this concern.

• • •

Frozen Fish Trade

Newfoundland's Commission of Government has appointed a Cold Storage Development Committee with the object of promoting orderly development of the trade in frozen fish, in view of the prospects of increased sales in the United Kingdom. The committee consists of representatives of the cold storage operators, the Newfoundland Fisheries Board and the Department of National Resources.

Cod Liver Oil

Newfoundland's cod liver oil will probably find a larger market and a higher price in the near future. Naval activities in the North Sea are likely to cut the British production sharply and this continent obtains a large amount of its cod liver oil requirements from the British Isles.

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Capital (Fully Paid), $2,000,000 Reserve Fund, $2,400,000

★

Estates Taxes come First—and must be paid promptly

If penalties are to be avoided when settling your estate, taxes and succession duties must be met within a definite time. Debts must be paid.

Will your estate have enough ready cash to meet taxes and debts; if not, will money have to be raised through the forced sale of assets even in a falling market?

Provision for these cash payments will help to protect your estate from loss which might otherwise prove serious to the family.

A talk with our officers may assist you to complete your plans.

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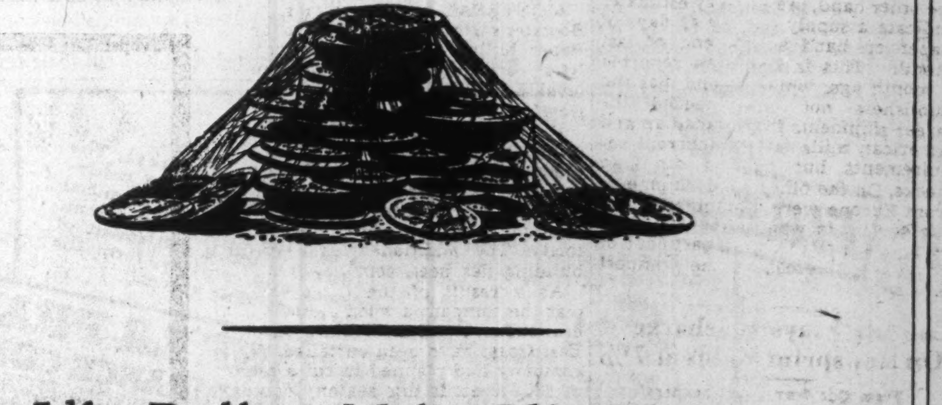

Idle Dollars Make Idle Plants

THE firms whose plants are kept busy, whose products enjoy the greatest public demand, are those whose money is kept busy in improving the quality, increasing the efficiency and cutting the cost of production. They know the value of new equipment and new processes, and do not hesitate to discard obsolete methods in favour of new ones.

There are others however who, although they acknowledge the wisdom of this policy, keep their dollars in idleness, and unnecessarily handicap themselves, while accumulating cash with which to buy new equipment.

Sellers of industrial machinery or like equipment, can, through the use of I.A.C. amortized payment plans, make it easy for Canadian industrial concerns to install *now* the up-to-date, efficient equipment they need. As a matter of fact the new machinery can often be sold on a basis whereby the monthly instalments are no more, and in many cases even less than the savings enjoyed through the increased efficiency of modern equipment.

Let an I. A. C. representative explain these plans to you in detail, and show you how they will help you to sell equipment on a sound and practicable amortized payment plan.

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Insurance Problems

Maccabees

I would be very glad if you would give me some information regarding the Maccabees and their financial responsibilities. Does the order operate on a legal reserve basis?

The Maccabees is a fraternal order which commenced business in U. S. in 1883. It commenced business in Ontario in 1884 under provincial license. It was later licensed in Quebec, Manitoba, British Columbia, and Nova Scotia. In 1920 Dominion license was granted. It now operates therefore under the supervision and regulation of the Dominion Department of Insurance. It operates on a legal reserve basis. In accordance with the Dominion Insurance Act it maintains a deposit with the Receiver-General of Canada for the protection of Canadian policyholders. This deposit, according to the latest available information, is $1.8 millions which it is stated is somewhat in excess of the legal requirements.

The annual report for 1938 shows total assets of $54.1 millions. The latest government report shows that it has insurance in force in Canada with a total value of $8.1 millions. Total insurance in force in Canada and the United States is over $197.7 millions.

The order is in good standing with the Department of Insurance at Ottawa.

Canada Life Appoints Three New Supervisors

The Canada Life Assurance Co. announces the appointments of T. H. Gooch and R. A. Sanderson, formerly agency assistants, as agency supervisors, and of G. A. Walter, formerly educational assistant, as educational supervisor.

Insurance

Professional Robbers Active In Good Times

War Prosperity Likely to Be Turned to Advantage By Hold-up Men—Paymaster and Messenger Insurance Sought

Increased business and industrial activity resulting from war orders brings its own problems. Among them is the greater danger of paymaster, messenger and office and store robberies.

More widespread employment in theory, tends to reduce the total number of crimes of this sort. The number of men, other than habitual criminals, who prefer to steal when they can get a reasonable wage for a fair day's work, is relatively small. But it is large enough to keep the ranks of the professional robbers at full strength.

Some of these remain criminals because they know no other business. Some because they think it the easiest way of making a living. To these people, increased prosperity in the country as a whole simply means greater opportunity. There is more wealth in more places to be had. Consequently they become more active. The operation of this class of criminal vary from waylaying the drugstore messenger boy who may be carrying a few dollars, to the hold-up of the paymaster of a big industry in charge of thousands of dollars.

Robbers Are Systematic

As in other kinds of crime, the professional robber works in a businesslike way. He does not wait for opportunity to come to him. He looks for it. No life insurance or automobile salesman is keener than he in looking up promising prospects.

Days when a certain company draws money from the bank for the payment of its staff are carefully noted. The information is obtained in a variety of ways. It is not hard to get, if a person goes about it the right way. Everybody knows the uncanny knowledge which a steady borrower has of the days when his friends are likely to be well supplied with funds. The payroll robber works according to the same plan.

Closely related to paymaster robbery is messenger robbery. The messenger obviously may have in his care articles running all the way in value from a brick of ice cream to jewellery or securities worth thousands of dollars.

Sometimes the messenger for a retail store may have considerable money on him. The loss in event of robbery in such cases, while small to some, is very serious to others.

Robbery En Route

Paymaster robbery may occur while the money is being taken from the bank to the company's office where it will be distributed to the employees. In Toronto a short time ago a girl who had drawn money from the bank to pay the employees was held up on her way back to the office. Sometimes the robbery may occur when the paymaster is making up the envelopes for the different wage earners.

Messenger robberies generally happen en route. Many petty robberies occur in the long autumn and winter nights. A favorite scheme is to ring up the corner drugstore and ask to have a bottle of castor oil or something similar sent over to such and such a street number. The druggist is asked to give the messenger change for a $10 bill. The messenger arriving at the place from which the order was supposed to come, often finds it a vacant house or lot. But the thug is waiting there to relieve him of his change.

Robbery of messengers carrying valuable furs, jewellery or securities is a more difficult matter. Deliveries are not likely to be made late at night, nor are they likely to be made to places which are not fairly well known, without considerable precaution being taken. Delivery is often made by truck. But thefts of this kind do occur, sometimes with heavy loss.

Another type of crime related to payroll or messenger robbery is the ordinary office or store theft. These usually occur at night when the premises are closed, although of course, they are liable to occur any time. Jewellery, furs or valuable tools may be taken.

The increased activity in Canadian business resulting from the war means a very substantial increase in payrolls and a larger volume of valuable goods which will be kept in stock by the manufacturers and merchants. Many of these will be delivered by messenger and thieves will no doubt attempt to appropriate some of the more valuable goods, when the opportunity offers.

Paying the Loss

While the criminal, when apprehended and convicted is subject to severe punishment the money or other valuables stolen are not always recovered. Insurance is the only means devised to make good the loss sustained. Consequently there has been a very definite demand for protection against loss from payroll, messenger, and store and office robbery.

Coverage against all three hazards is usually contained in one policy, but it can be had separately against any one of the three. The main difference between the standard contract and others is as regards time. Paymaster robbery contracts usually give protection during 24 hours of the day. The protection is also extended to employees if they are held up before leaving the premises after actually receiving their pay. This is conditional on the hold-up occurring simultaneously with that of the paymaster. Money other than payroll is covered when outside the premises between 7 a.m. and 7 p.m. Inside hazards covering other than payroll funds is usually written to give protection between 7 a.m. and 12 midnight. By the payment of an extra premium, however, these coverages can be made to include the whole 24 hours of the day.

Insurance Provisoes

There are certain provisoes, however which the insurance company usually insists upon.

One important one is that the paymaster, messenger, cashier or collector in charge of money or other valuables should be between the ages of 17 and 65. The reason for this is that he should be able to offer reasonable resistance to a robber. Another is that all reasonable precautions must be taken by the owner to ensure the safety of the property stolen. There must be no criminal implication as party or accessory to the crime on the part of the insured or any associate or employee directly in charge of the property. Thus if the paymaster or messenger assists or facilitates the robbery it might nullify the insurance policy. To get protection against danger of loss under such circumstances owners usually carry guarantee bonds on all employees in a position of trust. In this way they round out their protection.

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THE SHIELD OF PROTECTION
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For 55 years, through every test, The Portage Mutual has protected its policyholders against the unfortunate financial consequences of Fire and Windstorm. Ample resources, quick settlement of claims, efficiency and courtesy, form the keynote of its outstanding success. 100
The PORTAGE LA PRAIRIE MUTUAL INSURANCE COMPANY
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You will know in advance whether you can fill this bill

Would-be doctors, engineers, lawyers and other men heading for professional careers are weeded out during their courses if they show lack of fitness.

We have a method of testing a man's aptitude for selling life insurance before he enters the business.

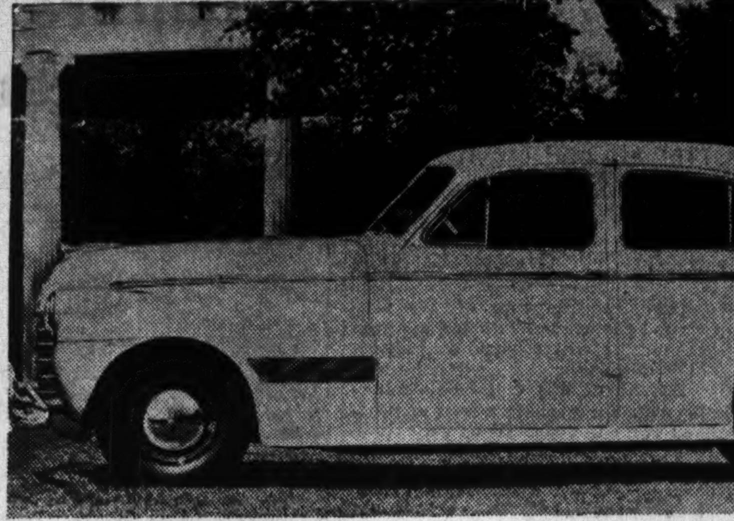
This scientific method eliminates the unsuitable. On the other hand, it helps us to discover men who are particularly fitted, whether they know it themselves or not.

In the past 5 years the sales force of the London Life Ordinary Branch has been reduced by 43% and yet has increased production by more than one-third. Naturally, the earnings per man have advanced accordingly.

If you would like to know whether this is your field or not, write to

J. G. STEPHENSON
ASSISTANT GENERAL MANAGER

The London Life Insurance Company
HEAD OFFICE — LONDON, CANADA



NEW OLDS OFFERS CLUTCHLESS TRANSMISSION — In addition to the extensive improvement of standard equipment and design of all three series of the 1940 Oldsmobile line, a transmission unit without clutch or gearshift lever is being made available as an optional feature on Custom Eight Cruiser models. Announced by General Motors of Canada under the title of "hydra-matic drive," the fluid flywheel unit changes gears automatically in accordance with speed, eliminates risk of stalling (even on hills), is controlled by a small lever under the steering wheel. Improvements on the Olds line as a whole include sealed beam headlights, dashboard-controlled hood lock, better safety glass, roomier, restyled bodies. The hood lock protects against theft of battery or horn and prevents tampering with the engine. Photo shows Custom Eight Cruiser sedan.

Premium Income Up in Alberta

Gain Shown in Totals for Various Insurance Lines

Life insurance premiums written in Alberta in 1938 amounted to $9.9 millions, according to the annual report of the provincial superintendent of insurance recently issued. Disbursements were $8 millions. These figures compared with $8 millions and $8.1 millions respectively in the previous year.

Net premiums of the various lines of insurance other than life totalled $5.5 millions. This was a gain of $356,813 over 1937. Net losses were $27,675 lower at $2.4 millions. Total fire insurance in force in the province at Dec. 31 was $677.2 millions.

During the year 11 companies were admitted to the province and four others withdrew leaving 288 companies under provincial license of which 14 were not registered with the Dominion.

Underwriting experience by classes other than life was as follows:

	Premiums $	Losses $
Fire	3,086,095	1,152,550
Automobile	1,127,823	676,287
Hail	355,996	237,387
Accident and sickness	455,316	203,235
Liability	92,159	21,962
Guarantee	160,786	19,403
Theft	51,193	19,220
Plate glass	33,537	14,558
Personal property	18,716	3,118
Miscellaneous	123,777	130,494
Total	5,505,399	2,478,215

Municipal Plans Lack Authority

Ruling by Ontario Minister Bars Soldiers' Insurance

No Ontario municipality has authority to embark upon insurance schemes in connection with citizens who enlist for active service according to a ruling by Hon. Eric Cross, Minister of Municipal Affairs and Public Welfare for the province. As the Municipal Act now stands, he stated, insurance schemes do not come under the heading of patriotic grants.

"During the Great War," Mr. Cross asserted, "five of our larger municipalities, Toronto, Hamilton, London, Ottawa and York County, had comprehensive soldiers' insurance schemes. In the case of Toronto, this involved a net cost to the city of some $4.3 millions.

"In view of the great extension of municipal services since 1914, this additional burden cannot be assumed by our municipalities. Even in the last war it had to be abandoned in many cases by reason of the costs that mounted."

War Provisions Affect Small Ratio Of Insured

Four reasons why war provisions in new life insurance policies are a matter of indifference to the majority of the Canadian people are listed as follows in Nalaco, the house organ of the North American Life Assurance Co.

1. At the present time, 99 9/10% of all Canadian life assurance policies now in force have no war provision in them, except in respect to double indemnity and total disability.

2. In the last war, only about 6% of the Canadian population was placed in uniform. Even if the same proportion of the population is enlisted in this war, which does not seem probable, that leaves about 94% of the population to whom the war provision is a matter of indifference.

3. Of those who do enlist, not all go to the front. Except aviators, the war provision is a matter of indifference to those who remain in Canada. Aviation restrictions have always been in effect.

4. It would appear that Canada's main effort is going to be in the furnishing of supplies. This means great industrial and farming activity in this country. Unemployment will disappear and money will flow more freely.

Insurance Notes

Among the speakers at the 16th annual convention of the Life Office Management Association in New York recently was John Crawford of the Sun Life Assurance Co. of Canada. Over 450 administrative officers of Canadian and United States companies were present.

* * *

Herbert T. Pike has been appointed general manager of the British Oak Insurance Co., with effect from Sept. 1. Previous to this appointment he was acting general manager and acting secretary and before that was fire manager for the Union of Canton at London, England.

* * *

New ordinary life insurance paid for in the United States, exclusive of revivals, increases and dividend additions, in September, amounted to $344.5 millions, a gain of 4.1% over the same month last year. Total for the first nine months is $3,757 millions up 11% from a year ago.

* * *

War risk clauses are now being considered by United States companies for new policies. Some companies have already inserted clauses limiting their liability in deaths resulting from war, in the case of foreign born citizens or travellers abroad, to paid-in premiums. Other companies are refusing to insure anybody likely to become subject to the hazards of war. It is expected, however, that some uniform war risk clause will be adopted shortly to serve as a guide should that country become involved in war. Meanwhile, of course, United States companies writing life insurance in belligerent countries have adopted the war clauses in common use in those countries.

* * *

Frank L. Flight has been appointed assistant manager of the Toronto branch of the Royal Insurance group. Mr. Flight was formerly assistant secretary of the Royal-Liverpool group of companies at the Canadian head office in Montreal. Since joining the head office staff at Liverpool in 1906, Mr. Flight has been continuously with the same group. Coming to Canada in 1912, he served at Montreal, Vancouver and Winnipeg. The Royal section of the Royal-Liverpool group includes the Queen, Hudson Bay, Newark and Pioneer Companies as well as the Royal itself.

* * *

Harry W. Bell and J. William Dooley have been appointed assistant secretaries of the Canadian head office, Montreal, of the Royal-Liverpool group. F. L. Flight, formerly assistant secretary at head office in Montreal, has been transferred to the Toronto office of the Royal as assistant manager.

Municipal Finances

Saskatoon retired $98,200 of debenture debt Oct. 1. Of this, $68,250 was issued in 1909 for improvement of streets, the West Side Park, sewer and water extensions. The remaining $30,000 was issued in 1919 for paving and extension of the city's fire alarm system. The city treasurer announced that $39,250 of the retiring debentures was held in sinking fund, having been purchased during the past few years at favorable prices. Total 1939 redemptions will amount to $723,000. During 1940 debentures to the extent of $1.3 million will be redeemed.

* * *

Saint John, N.B., tax collections to Sept. 30 showed an increase of more than $75,000 over the first nine months of 1938. Current and arrears collections totalled $556,321, compared with $480,058.

* * *

Victoria city assessor-collector's department announced on Sept. 25 that about 60% of 1939 levy has been collected.

* * *

Moose Jaw expenditures for the period ended Aug. 31 amounted to $497,038, compared with total revenue of $287,816. Actual expenditure was $35,745 lower than estimated expenditure and revenue increased $9,288 over estimated revenue.

* * *

Regina tax collections in the nine months ended Sept. 30 increased $45,000 over those of the corresponding period last year. Collections totalled nearly $2 millions, which is 86.5% of the $2.3 million levy. Current taxes were approximately $1.4 million, while arrears accounted for the remainder. It appears now that collection of both current and arrears will equal 100% of levy for the second successive year.

* * *

Moncton tax collections in nine months of the present year were $8,000 ahead of last year's collections, it is reported.

* * *

London tax collector reports that collections in the nine months to Sept. 30 are the largest since 1929. Collection of current taxes amounted to $2.6 million, 75.9% of total levy of $3.4 millions. Collections of current taxes and arrears totalled $3.6 millions, which is $160,000 higher than last year.

* * *

St. Thomas, Ont., taxpayers learned that collections of current taxes and arrears to Sept. 30 represented 100.1% of the 1939 levy, compared with 96.4% in the corresponding period last year. Current taxes were 81.6% of levy in the nine months period, compared with 81.7% last year.

* * *

Calgary will be called upon to meet $90,000 of half-yearly interest payment on its funded debt in U. S. funds on Jan. 2. Unfavorable exchange on the Canadian dollar, therefore, will impose an additional burden upon the city's finances. Total debentures charges in the first of the year will be $310,000.

* * *

London reports an increase in assessment values of $1.1 million, which will increase its potential taxing powers by $40,000.

Winnipeg Institute Elects New Officers

At the annual meeting of the Insurance Institute of Winnipeg recently it was reported that out of 159 members, 97 wrote the examinations in the courses in fire, casualty and inland marine insurance last term. There were 13 graduated from the various classes.

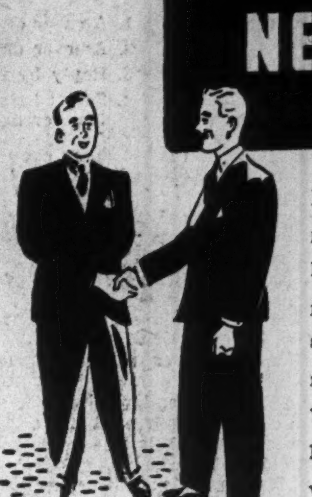
C. D. Shepherd, Jr., of the Grain Insurance & Guarantee Co. won scholarships for the highest aggregate mark in the three year fire course, and the highest mark in the casualty course. J. M. Byers of the Insurance Co. of North America took the highest average for the season in the inland marine course.

Besides the students in the regular classes this year, the Institute has students at Regina, Edmonton, Calgary and in Great Britain.

Officers for the coming year were elected as follows:

Hon. President—Thos. D. Harris (Employers' Liability Assurance Corporation); President—Robt. P. Simpson (Sun Insurance Office); Vice-President—J. J. Milne (Royal Exchange Assurance); Secretary—Geo. E. Budden (Western Canada Insurance Underwriters' Association); Treasurer—C. R. Francis (The Canadian Fire Insurance Co.).

"GOOD NEIGHBORS"



Just as it is desirable to locate your property in a well-maintained neighborhood, so is it desirable to insure your property in a company which carefully selects its risks—and returns the savings made directly to the policyholders. When insuring with Northwestern Mutual your property is associated with "good neighbors."

Write or phone for the name of the Northwestern Agent in your territory.

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"There's an old man coming to your house," as sure as you live! Protect him with a Life Insurance Income.
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INCORPORATED 1833
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In the Triple-Diamond Emblem is the Greatest Name in Trucks

INTERNATIONAL

Thirty-three years ago a bold name appeared on a pioneer truck. It was the first INTERNATIONAL, named for International Harvester. The name was mainly *pledge* and *promise* then. Now it is the greatest name in trucks. Wherever loads are hauled today, in the remote corners of the world or just around the corner from you, truck men are proud to say, "It's an International!"

A third of a century of "fixed idea" has brought this about — 33 years of Harvester determination to provide truck transportation at the lowest possible cost for any man with loads to haul.

International's Company-owned branches with their factory-service facilities, and the thousands of service-trained dealers, have played a vital part in the International Truck reputation of today. *Truck quality—service readiness.* These make International *performance* and *economy*, and that's the substance of truck ownership.

Fit Internationals to *your* hauling problems. Sizes range from ½-ton all the way to powerful 6-wheelers. International Trucks will be on view at the MOTOR SHOW, Toronto, Oct. 14-21. See them at the show or visit the nearest dealer or branch.

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INTERNATIONAL TRUCKS

War Gives Social Credit Death Blow

Already Stymied, Utopians Of Alberta Facing Eclipse

By B. T. RICHARDSON

EDMONTON—The first Canadian casualty of the new Great War was the Social Credit experiment in Alberta, though its demise was ordained by prior causes not connected with Canada's plunge into war. Hitler will get credit on the record for putting the final touch of destruction to the western province's venture into economic Utopia, not for killing it off entirely.

The fact is that Social Credit as Mr. Aberhart envisaged it in the halcyon days of '35, was as dead as a dodo long since, on account of disastrous skirmishes with Ottawa, reversals before the Supreme Court of Canada, blunders on the part of the Utopians, and fatal errors in the theory of that eccentric expert, Maj. Douglas. Of course, Aberhart has plenty of wool left with which to spin out his term of office, and he is making a showing with an amazing mixture of economic and social reforms woven out of old and new ideas, sweet and sour projects. But advent of war put an end to tampering with the economic life of Canada.

PREMIER WILLIAM ABERHART

Careers in Demagoguery

The thin, sterile stream of Douglas Social Credit had been thickened in Alberta with a score or more of proposals drawn from the abundant, native supply of crackpot ideas. The credit houses of 1939 had no relation to the visions of 1935. The drastic economic controls implicit in recent measures were a far cry from the dream of free dividends and prosperity of four years ago. But these things arose from the unorthodox economic ideas that have flourished in Alberta since the days when the Populists came over the border and taught the native politicians there was money and careers in demagoguery.

When the guns started going off on Sept. 1, the Social Credit experiment was already as riddled full of holes as the Munich Treaty. The event that ended it for the duration of the war and probably forever, was Ottawa's mobilization of economic powers to conduct the war, the emergency powers of the War Measures Act, the Defense of Canada regulations, the War Time Prices and Trade Board, and the Foreign Exchange Control Board.

War Was Death Knell

With a war on its hands, the Ottawa Government could not admit the operation of independent social experiments in isolation in Alberta. It could not countenance campaigns to undermine the existing financial structure, such as the Aberhart party has waged for the past four years. It could not tolerate separate initiative on the part of the provinces in the field of financial policy and economic organization. These things being so, the end of Social Credit was at hand.

Some Social Crediters failed at first to realize that the war had imposed a moratorium upon efforts to wreck the old order and build the new. Witness the action of sponsors of the Social Credit amendment to the throne speech at the emergency session of parliament. The day Britain declared war, Premier Aberhart preached at the Bible Institute in the old prophetic manner, that war meant the end of civilization. As a believer in Armageddon, he viewed with horror the mobilizing of armies, but failed to perceive at first that the explosion of the first shell marked the loss of rights to oppose allied war leaders.

But after a few days, he realized that a sharp turning had been reached. He accepted a subservient position to Dominion policy for duration of war. "All the provinces," he said, "should give their heartiest support to the Dominion Government in its declared intention to aid Great Britain, and we have expressed the view that this can best be done by the organization of all our resources to this end."

Skeleton Still There

But at the moment of writing, the Social Credit Government has not begun to withdraw its resources from its various economic experiments, in getting behind the war effort, even though its leader had plainly recognized the necessity. The costly credit house programme is still tacitly open for expansion, though it will probably collapse when the pressure of Canada's war efforts demands the complete singleness of purpose foreshadowed in steps already taken by Ottawa.

Politically, Mr. Aberhart's position has been gravely worsened by the outbreak of war, since he must face an election within a year and his activities in fixing an alibi for Social Credit upon Dominion Government will be greatly curtailed by war censorship. For four years in Alberta there has been a running fight against the Ottawa Government and hindering institutions such as the Central Bank and the law courts. Just when the Social Credit forces were ready to build up a big campaign for re-election, the war makes political bickering with Ottawa against the rules, not to mention censorship powers which could be enforced with considerable popular support.

Platform Shattered

It is realized in Alberta that the Social Credit Government had become much weaker than most people thought. Many had accepted the likelihood of another term of Social Credit. But in the change from peace to war, the Aberhart movement harvested scarcely any political advantages, except a truce to political opposition, which is of doubtful value to a party which has thrived on active propaganda issued incessantly. On the other hand, the Social Credit party lost many issues on which it intended to rely in an election campaign.

With complete centralization of economic initiative at Ottawa, the provincial reformers were left out on a limb. The Social Credit experiment belonged to the uncertain days between two wars. When the struggle is ended, the social and economic patterns of Canada will be fixed in new form. Indeed, the changes that came swiftly in the first weeks of war cut away many of the problems upon which Premier Aberhart's career in politics was founded.

Election Next Year

Mr Aberhart has indicated definitely there will be no election until 1940. If war had not come, the election would probably have been this fall. Except for two minor parties, the C.C.F. and the McFarland Unity group, political forces have accepted cease-fire orders, at least until next spring.

As election forces were plainly mobilizing all summer for voting, the present situation is an armistice of a few months prior to the main engagement. The vital feature of this period is that the issues on which an election might be fought are subject to change. Would Mr. Aberhart seek to prolong his term on the excuse that war makes an election undesirable? Will he initiate coalition proposals for a union government for the duration? How far will he go in frankly suspending his experiments? Or will he merely let the Social Credit programme go by default, as he did with so many other experiments in the past?

In a speaking tour around the province last summer, Premier Aberhart made clear his intention of seeking re-election on three general propositions:

1. The record of his government.
2. The alibi that Ottawa frustrated Social Credit efforts.
3. That realization of reform objectives is still possible if he is allowed to continue his policies.

This platform has been shot to pieces by the war.

A Costly Government

As far as the record of the Social Credit Government goes, a case can be made on both sides, with the advantage on the side of the opposition. The Government has had its moments of daring, which its propagandists, trained in four years of turning the silver lining outside wherever possible, can make appear powerfully attractive to the agrarian radicals of the back townships.

But it has also had its months of bumbling and pointless manoeuvring in which its pretensions have worn pretty thin. Its most vulnerable point is its record of increased costs of government. One term of Social Credit has cost the people of Alberta $20 millions more than a term of U.F.A. did, and twice the cost of a Liberal legislature, without assessing the wreckage of the province's credit. These higher costs are just beginning to come home to Albertans, and with new demands from Ottawa, the people of the province will feel the burden more quickly.

Within a few months two developments in Alberta can be predicted with assurance. Increasing demands will be heard to cut down government costs and Mr. Aberhart will be unable to stand against operations of the Social Credit party machine, established upon the numerous new bureaus and branches of government which will have to be scrapped or consolidated under war conditions. Secondly, rising public opposition to profiteering will be felt against the extensive and costly patronage system that has grown up under the skilful ministrations of Mr. Aberhart and his men.

No Dual Allegiance Now

The alibi that Ottawa—and the courts of Canada—blocked the will of the people was not a sure-fire argument for Mr. Aberhart, who could, however, extract the maximum plausibility out of it. Many voters in Alberta recognized even in peace time that their first allegiance was to Confederation, and in war time the politician who ventures to interpret the will of the people in opposition to federal policy is likely to cut a very sorry picture.

In peacetime many people were willing to let Mr. Aberhart see how far he could go in usurping initiative in the field of financial reform. The province could defy Mr. Dunning's loan council scheme in 1935 and lapse into default with a few pious regrets from its premier, without anyone becoming much upset about it. But in wartime, the temper of the people and the authority of Parliament have closed in upon the provinces and the prior sanction of Ottawa will be required for financial policy.

To some extent Mr. Aberhart has been able to argue that Ottawa has abused the province by refusing to assist it. He has been toying with a vague plan of refunding public debt. But if any refunding is to be done now, it will be under the direct supervision of the Dominion Government through the Foreign Exchange Control Board.

Ottawa Steals Thunder

As a matter of fact, the action, taken by Ottawa to mobilize financial resources could not but win the approval of the Social Credit philosophers. Declaration of foreign securities, licensing of exports and imports, and strict control of credit and currency—these are the things that are dear to the monetary reformer, and things that have been talked about wistfully by the present rulers of Alberta. After four years of tentative gestures toward creating a closed economy in Alberta, the Social Crediters woke up at the crack of war to find that Ottawa had closed the shutters of the old, free fiscal system.

Alberta's current experiments have little reference to the original free-dividend programme of Mr. Aberhart or the theories of Major Douglas. They are the result of improvising a few of the unorthodox ideas that have knocked around Alberta politics for many years. Take the credit houses. Alberta has 29 of them, with some 300 subagencies. They have become in the past year a full-sized domestic banking system, with, however, only shadow powers. Care has been taken not to transgress too flagrantly upon Dominion banking law.

Still the system is expected by many Social Crediters to exercise credit control within the province at some future date, on terms denied by the Supreme Court of Canada in rejecting the Credit Regulation Act. Some Social Crediters hope to drive out the chartered banks in time and "take over" the people's credit. "If they won't let us bring reform constitutionally, we'll do it mechanically," said Mr. Aberhart in August. And Hon. Solon Low: "We are going to continue to increase the services of the treasury branches and through them we expect to gain control of Alberta's credit resources."

Pre-war Utterances Now

These are pre-war utterances and they indicate how vulnerable the credit house scheme is to Ottawa's war powers, if Ottawa decides that an independent experiment in banking and credit in Alberta is incompatible with national financial co-operation. Coupled with the credit house scheme is the fitful experiment with codes and other controls in the field now taken over by the War Time Prices and Trade Board. Without Ottawa sanction, Alberta's new price spreads board will have limited scope, neegligible powers. Ottawa will certainly not divide its economic controls with the provinces as long as the war lasts.

The Alberta marketing control project, involving payment of consumers' bonuses through the credit houses and the avowed intention to organize control of wholesale marketing, may also turn out to be completely out of court as Ottawa co-ordinates the nation's productive resources for war. This phase of the Alberta experiment has hardly progressed far enough to bring about a test of its legal status, but its main objective is narrowly provincial, exactly as though Alberta set out to create tariff barriers against the rest of Canada.

Debt Picture Changes

One serious disadvantage imposed by the war upon Mr. Aberhart has been shifting of emphasis away from debt adjustment. The Social Credit premier adopted a premeditated stand against the Central Mortgage Bank, relying on its own measures, including the second Limitation of Actions Act which Ottawa disallowed recently.

Whether or not Mortgage Bank goes into operation, Mr. Aberhart possesses only limited initiative now in drafting new debt proposals. He may try some new legislation, or he may abandon all efforts to pursue creditors further. Since his debt reduction attempts have been the source of considerable rural popularity, his position is greatly weakened because debt adjustment is not likely to be as important under war conditions and because conditions may permit nothing but temporary action of limited scope.

The war brought the first genuine political truce to Alberta since the rise of Social Credit, imposing restraints both on him (Mr. Aberhart) and his opponents that they would not accept before. It came when political forces were organizing for a finish fight against the weakening Social Credit Government.

Since the Government has stood for incessant war against Ottawa, for costly experimentation, and for non-co-operation with the rest of Canada, its record may become a serious liability to it as Albertans settle down to concentrating on the war. The simple issue, easy to grasp, is whether Alberta can pursue its own brand of social revolution, ignoring the rest of Canada. In peacetime, Mr. Aberhart's talents were admirably suited to making the most of such an issue. But in wartime, it looks too much like sabotaging Canada's economic mobilization.

With Alberta destined to enter into Canada's close-knit war organization rather than into Mr. Aberhart's elusive New Age of Social Credit, the premier of Alberta runs the risks of a drastic orientation of popular feeling. Whether he can survive it may not be known for sure until Alberta goes to the polls in 1940.

Control Canada's Trade and Exchange

Young Specialists Chosen to Operate Wartime Control Board

The Dominion Government through Graham F. Towers, Governor of the Bank of Canada, has announced the appointment of a group of experts to assist in the administration of the Wartime Board to control foreign exchange. Mr. Towers is chairman of the Foreign Exchange Control Board.

D. B. MANSUR

W. L. GORDON

ALLAN GIBBONS

D. R. A. WALKER

A. M. McBAIN

Those summoned to aid in the work of the Board are for the most part young men with excellent records in their fields.

D. B. Mansur, who was appointed to the position of superintendent of the projected Central Mortgage Bank, which has now been shelved, will be assistant chairman, and will be in charge of enquiries and problems of business organizations that require special consideration. P. J. B. Lash, of Blake, Lash, Anglin and Cassels; W. D. Matthews, of Wills, Bickle and Cayley, and L. A. Wilmot, customs consultant, all of Toronto, will assist in the work of this section.

D. B. Mansur

Mr. Mansur's career is mostly ahead of him. He was born in Quebec of Anglo-Saxon stock. His parents moved to Winnipeg when he was very young. He was educated at Winnipeg, graduating from Manitoba University. He became an actuary and joined the Sun Life Assurance Co. in his early twenties. He is now 34 years of age and prior to coming to Ottawa to be superintendent of the Mortgage Bank was in charge of mortgages for the Sun Life.

Gordon and Gibbons

W. L. Gordon, of Clarkson, Gordon, Dilworth & Nash, Toronto, and M. W. Mackenzie, of McDonald, Currie and Co., Montreal, will deal with problems of export and import trade. Donald Gordon, Deputy Governor of the Bank of Canada will act as adviser.

Walter Lockhart Gordon is 33, son of Col. H. D. Lockhart, and is a partner of the well-known accounting firm. Mr. Gordon was educated at Upper Canada College and graduated from Royal Military College. His favorite recreations are riding and golfing. He is a member of the Toronto Golf Club and the University Club. He is married and has two daughters.

Direct foreign investments in Canada and relationship of U. S. subsidiaries in Canada to their parent bodies will be studied by Allan Gibbons, of Jones, Jones and Gibbons. J. Church, of Price, Waterhouse and Co., will assist.

Mr. Gibbons, still in his twenties, is a graduate of University of Toronto and Osgoode Hall and has a record of postgraduate work at Cambridge. His specialty is company law. He is a grandson of the late Sir George Gibbons, of London, Ont.

D. R. A. Walker

There will be a securities and investment section to study the problems of large investors, such as trust and loan and insurance concerns relating to the stock and bond markets. D. R. A. Walker, of Wood, Gundy & Co., Toronto, and Alistair Campbell, assistant actuary, Sun Life Assurance Co., will be the heads of this body, and members will include: C. E. Fairweather, Thomson and McKinnon, Ottawa; J. de Pencier, of Bartlett, Cayley and Co., Toronto. K. A. Henderson and W. B. Watson, of the Bank of Canada securities department, will act in an advisory capacity.

An expert on securities trading, D. R. A. Walker leaves his position of Toronto manager of Wood, Gundy & Co. to join the securities and investment section of the Foreign Exchange Control Board. His association with Wood, Gundy & Co. dates from the last war and he is expected to rejoin that company at some future date. During the last war, Mr. Walker served with the "Imperials" overseas, having enlisted in Canada at 18.

A. M. Campbell

Alistair M. Campbell is assistant actuary of the Sun Life Assurance Co. of Canada. He is a native of Argyllshire, Scotland, and a graduate of Aberdeen University, a Fellow of the Institute of Actuaries of Great Britain, and a Fellow of the Actuarial Society of America. He joined the Sun Life in 1928.

Alex. McD. McBain will be in charge of the intelligence department and interpret regulations of the board to foreign banks, exporters and importers. Mr. McBain is manager of the foreign relations department of the Bank of Nova Scotia. He is a Glengarry Scot, born at Williamstown, Ont. He entered the service of the old Metropolitan Bank, at Toronto, and later going with the Bank of Nova Scotia when it took over the Metropolitan. He spent nine years in Cuba as accountant, assistant manager and joint manager at Havana. Returning to Canada he was for a time inspector for the bank and in 1934 became manager of the Foreign Relations Department. During the Great War he enlisted in 1916 and served as a pilot in the air force overseas.

Co-ordinating the efforts of the Wartime Board and the Bank of Canada will be the responsibility of L. P. Saint-Amour and D. G. Marble, assistant deputy government and secretary, respectively, of the Bank of Canada.

Banking

Varied Factors Operate To Expand Note Issue

Crop, Increased Government Expenditures and Higher Prices Require More Cash — Danger Point of Inflation Still Far Off

An increase of $4.7 millions in the note circulation of the Bank of Canada during the week ended Oct. 11, brings the total to $227.2 millions.

This is an expansion of almost $48 millions since August 31 and of $57.5 millions since July 31. Compared with a year ago, an increase of $40.5 millions is shown. A year ago Bank of Canada note circulation increased $20.4 millions between the end of August and October 12.

The fact that the greater part of this expansion has taken place during the period that we have been at war, has given rise to considerable speculation as to whether Canada is following a programme of inflation or not.

Mr. Ilsley's Speech

Thoughts of this kind were undoubtedly started by the remarks of Hon. J. L. Ilsley, Minister of National Revenue, in his war budget speech on Sept. 12. In discussing ways and means of raising money, he said:

> "All this is not to say that a small and carefully regulated amount of credit expansion may not be desirable in the early stages of the war in order to assist the increase of production and employment. It must be small and carefully controlled because its effects, which may not appear immediately, are cumulative and otherwise might get out of hand.
>
> "If, at the beginning of the war, there are unemployed resources, some credit expansion may give an impetus to their prompt utilization. If it is carefully controlled, the expansion of production may prevent any abnormal rise in prices, confidence may be maintained and the initial impetus may be carried on and accelerated by the insistent demand that exists for supplies.
>
> "However as soon as the expansion of employment and production gets well under way, and certainly before it approaches its limits, further expansion of the supply of money and credit must be stopped if the danger of progressive inflation is to be avoided. With an economy at full production and employment, the only result of expanding money and credit is to raise prices without increasing production. At such a point commences the cumulative spiral of inflation with all its deadly consequences to the economy."

Looking for Signs

Following Mr. Ilsley's statement many who are interested in monetary matters began looking for the first signs of inflation. The expansion in note circulation was seized on as evidence that it is already in progress.

This view, however, completely ignores a number of factors quite distinct from inflation which have been operating to increase the note circulation of the central bank.

At the outset it must be remembered that Bank of Canada notes are year by year forming an increasing proportion of the circulating money of the country. Formerly notes of the chartered banks, while not legal tender as the Bank of Canada notes are, were used in much greater proportion than they have been since the Bank of Canada came into being.

The note circulation of the commercial banks is steadily declining in accordance with the terms of the 1934 revision of the Bank Act. Chartered banks, however, are reducing their circulation even faster than the law requires. They find it cheaper to use Bank of Canada notes. Hence even if the demand for money remained constant there would be a steady increase in the notes of the central bank as the note circulation of the commercial banks declined.

Factors Affecting Circulation

Other factors which have helped to expand the circulation of the Bank of Canada notes are:

1. The harvesting of the wheat crop is always accompanied by expansion in the demand for cash. This year the crop, while not a record one, is unusually large and the demands for cash accordingly greater.
2. Thousands of enlisted men are now being paid in cash. Many of these had no job at all previously.
3. General business has shown increased activity owing to the increased spending power created by the crop and war expenditures. This requires more currency.
4. Prices of various commodities and articles are higher, requiring more circulation to cover equivalent transactions.
5. The disappearance of United States notes from circulation. In the summer when U. S. tourists were spending considerable money in Canada and Canadian and United States currencies were at parity here, American money circulated for weeks after it was originally spent. But when these notes acquired a higher value they dropped out of sight.

Test of Inflation

Increased note circulation, of course, can be carried too far, with dire consequences. The danger point is reached when note circulation continues to rise after business has stopped advancing. For a time, under healthy conditions, note circulation will keep ahead of the rise in business. Then the two will get in gear again. But if the circulation keeps going up when business begins to flatten out then inflation will be at hand.

In other words, after full employment of labor and capital is reached, any increase in currency will not increase production or diminish unemployment, it will merely start the revolving spiral of inflation.

As it will be some time yet before there is full employment of labor and capital in Canada it is evident that inflation is still a long way off

Weekly Statement Bank of Canada

A further increase of over $15 millions in holdings of short term Dominion Government issues is noted in the statement of the Bank of Canada for the week ending Oct. 11. The increase probably reflects financing by the Dominion Government through short term issues. Holdings of long term issues were down by $2.7 millions. Securities involved were probably sold on the open market as the commercial banks, it is understood, are not increasing their holdings of long term investments at present, owing to the greater demand for loans. Deposits of the Dominion Government with the central bank were down $4 millions, reflecting war financing, while deposits of the commercial banks were almost $6 millions higher.

Balance Sheet

	Oct. 11 1939 $	Oct. 4 1939 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	227,246,801	222,590,036
Rest fund	1,903,515	1,903,515
Depos.: Dominion	47,401,102	51,439,169
Banks	215,022,136	209,371,083
Other	16,506,703	12,818,434
Total deposits	278,929,941	273,628,685
All other liabs.	5,663,880	5,470,556
Total liabs.	518,744,137	508,592,792
Assets		
Reserve: Gold	225,674,969	225,674,969
Res. in sterling and U. S.	51,379,643	51,885,283
Other curr.	860	1,850
Total reserve	277,055,472	277,562,102
Subsidiary coin	186,929	218,394
Advances	1,000,000	1,000,000
Investments:		
Dom. govt. short	173,537,140	158,130,828
Other Dom. govt.	60,264,636	62,979,108
Total invest.	233,801,776	221,109,936
Premises	1,662,956	1,662,956
All other assets	5,035,004	7,039,404
	518,744,137	508,592,792
Reserve ratio	54.73%	55.93%

Staff Changes

The Imperial Bank of Canada announces the following staff changes:

R. K. HANNA, accountant, Timmins, Ont., to be accountant-in-charge, Pickle Crow, Ont.

H. R. HARROP, accountant-in-charge, Pickle Crow, Ont., to be accountant, Timmins, Ont.

C. T. WALKER, accountant, Wetaskiwin, Alta., to be manager, Sangudo, Alta.

A. E. GRANGE, accountant, Edmonton South, to be accountant, Westaskiwin, Alta.

W. H FAULDER, accountant's department, Edmonton, to be accountant, Edmonton South.

J. ENGLISH, accountant, Banff, to savings department, Edmonton.

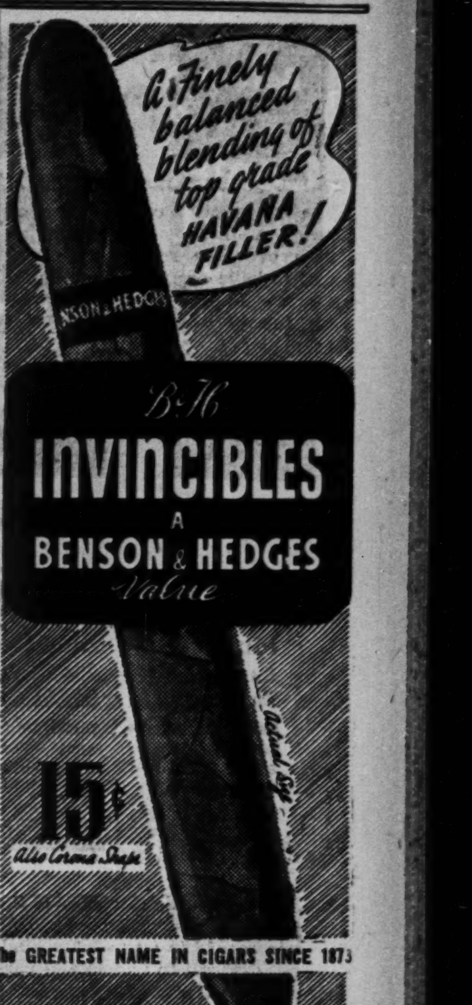
W. J. DOUGLAS, formerly of Edmonton staff, to be accountant, Banff.

Bank Chat

Loans of $200 millions by the chartered banks to the Dominion Government for two years at 2% is being distributed among the 10 Canadian chartered banks in proportion to their assets. The Dominion notes received by the banks will form an asset and against them they will place on deposit, to the credit of the Government, a similar amount against which cheques can be issued for supplies, soldiers' pay, etc. The loan was arranged at a meeting of the banks with the Government officials. It is understood that long term financing will not be done for some months yet.

* * *

Canadian chartered banks have adopted a fairly uniform policy regarding employees who volunteer for active service with the military or naval forces. In most cases they will pay a sum of money, approximately one month's salary, will give leave of absence ensuring their position back when they return, and will keep up payments to the pension fund and group insurance.



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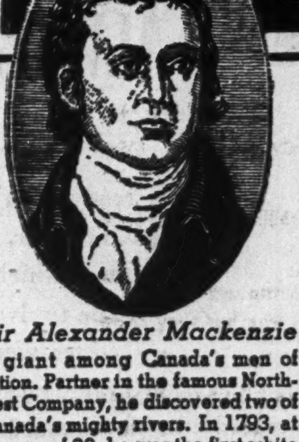
BANK of NEW SOUTH WALES
Head Office: Sydney, Australia
General Manager: SIR ALFRED DAVIDSON, K.B.E.
Assets of £127 millions. Over 900 branches in Australia, New Zealand & Pacific Islands.
London Offices at 29 Threadneedle St., E.C.2, and at 47 Berkeley Square, W.1.
Agency arrangements with Banks throughout Canada.

BUILDERS of CANADA

The end of Mackenzie's Pacific journey, Bella Coola Rock, Pt. Menzies on Bentinck Arm, B.C.


Sir Alexander Mackenzie
A giant among Canada's men of action. Partner in the famous Northwest Company, he discovered two of Canada's mighty rivers. In 1793, at the age of 30, he was the first white man to reach the Pacific Ocean *overland* by crossing the North American continent north of the Spanish Possessions. His daring trip via Peace and Fraser Rivers opened up a new world beyond the Rockies to Canadian Fur Traders.

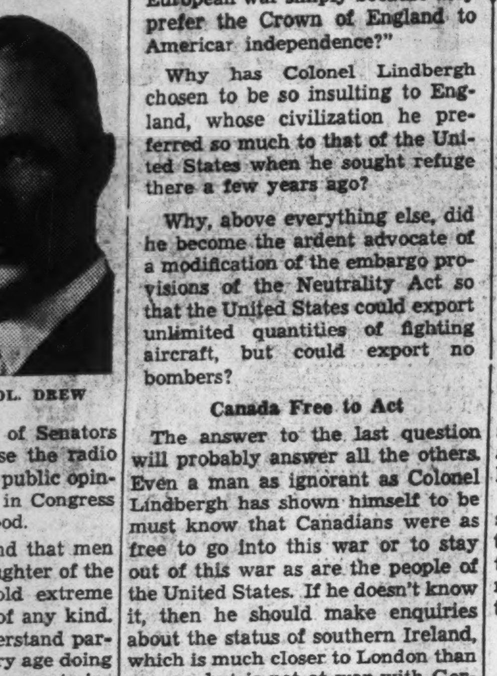
EXPLORING for PROFITS
LIKE the intrepid explorers of those early days, enterprising Canadian business men today are seeking and finding new outlets and new profits in export business. They find the services of this century-old Bank of value in advising regarding new connections and, later, in handling the financial details of shipments. We invite inquiries from those desirous of extending their trade at home or abroad.
World-wide facilities in all departments of banking
The BANK of NOVA SCOTIA
OVER A CENTURY OF BANKING EXPERIENCE

Why Did Lindbergh Speak?

Tie-up With U.S. Air Interests Suggests Likely Explanation

By LT.-COL. GEORGE A. DREW

The resentment caused by Col. Charles A. Lindbergh's provoking speech over the radio on Oct. 13 seems to have obscured an infinitely more important consideration than the offensiveness of what he said


LT.-COL. DREW

The question which requires an answer following his speeches of Sept. 15 and Oct. 13, is simply this: Why were the speeches made?

Whether we agree with them or not, we have no reason to question the good faith of Senators or Congressmen who use the radio or the press to influence public opinion, so that their course in Congress may not be misunderstood.

It is easy to understand that men who saw the ghastly slaughter of the last Great War may hold extreme views in regard to war of any kind. It is not difficult to understand parents of children of military age doing everything within their power to influence the course of their own government so that their sons may not be called upon to fight.

Action Puzzling

But Lindbergh did not serve during the last war, has no children within 15 years of military age, and belongs to no legislative body of any kind. Why then did he make use of the extremely influential position he undoubtedly occupies, as a result of years of successful exploitation of well publicized stunt flights?

When Colonel Lindbergh spoke on Sept. 15, he told us that we must be "as impersonal as a surgeon with his knife." He then went on to say that it is the duty of everyone "to look behind every article we read and every speech we hear." "We must," he said, "not only enquire about the writer and the speaker, about his personal interests and his nationality, but we must ask who influences him."

Questions Demand Answer

Very well, let us accept Colonel Lindbergh's suggestion. Let us ask him why he proclaimed the strange new totalitarian doctrine for the United States, that "this western hemisphere is our domain."

Why did Colonel Lindbergh display his crass ignorance by asking whether Canadians had "the right to draw this hemisphere into a European war simply because they prefer the Crown of England to Americar independence?"

Why has Colonel Lindbergh chosen to be so insulting to England, whose civilization he preferred so much to that of the United States when he sought refuge there a few years ago?

Why, above everything else, did he become the ardent advocate of a modification of the embargo provisions of the Neutrality Act so that the United States could export unlimited quantities of fighting aircraft, but could export no bombers?

Canada Free to Act

The answer to the last question will probably answer all the others. Even a man as ignorant as Colonel Lindbergh has shown himself to be must know that Canadians were as free to go into this war or to stay out of this war as are the people of the United States. If he doesn't know it, then he should make enquiries about the status of southern Ireland, which is much closer to London than we are, but is not at war with Germany, although it is a British Dominion.

It is much more likely that he does know. It is altogether likely he still has the same admiration for the British way of living that he had when he went abroad to escape the tragic aftermath of the brutality of a German gangster. This thug's outlook and methods were strangely similar to those of another German gangster against whom the British people are fighting today to protect not only Colonel Lindbergh but the world.

It is probable also that Colonel Lindbergh has no thought whatever that the western hemisphere is the exclusive domain of the United States. These statements are probably nothing more than camouflage for his real purpose.

Embargo the Answer

It seems much more likely that the answer is to be found in the argument that there should be an embargo on offensive weapons and munitions.

Let us accept Colonel Lindbergh's suggestion, and be "as impersonal as a surgeon with his knife" in seeking some explanation of his two propaganda speeches.

Let us also accept his suggestion that we "look behind every article we read and every speech we hear."

Let us also accept his suggestion that we enquire about his personal interests and that "we must ask who influences him."

Earning German Honor

It has been suggested that Colonel Lindbergh has merely sought to earn the German Order of the Red Eagle conferred upon him in Berlin last October. Perhaps the fact that this is a service decoration and not merely a courtesy medal has prompted this explanation of Colonel Lindbergh's speeches.

It is certainly apparent that there is no way in which he could have performed a more valuable service to Nazi Germany. But that explanation hardly holds water, because Colonel Lindbergh's present conduct suggests that he feels under no personal obligation for any favors he has received.

Only Colonel Lindbergh can answer the question with absolute certainty, but in view of his own suggestion, we have a right to seek some reasonable explanation in the meantime.

Is This the Answer, Colonel?

The most reasonable explanation is that Colonel Lindbergh is now, as he always has been, a commercial airman. Ever since he was an airmail pilot, aviation has been his bread and butter. He has exploited to the very limit the commercial possibilities of any prominence achieved through flying.

For years he has been paid for his services to commercial companies. These services have covered a wide field. He has not been unwilling, and no one can criticize him for that fact, to perform any services connected with aviation and its commercial expansion for which someone was prepared to pay him.

Colonel Lindbergh has conducted a number of survey flights for the purpose of developing the transatlantic and transpacific commercial airlines of the United States. As it happens, geography has determined that Canada is the logical point of contact by air between Europe and the Orient.

Just as the mastery of the sea brought prosperity and wealth to the British Isles, so may the effective use of her geographical advantages bring wealth and prosperity to Canada through this new means of transportation. That demands not only machines, but a large, trained personnel.

If the embargo should be lifted on offensive weapons, or, in this particular case, on large bombing planes, then Canada would be bound to develop a large trained personnel, with knowledge of transatlantic flying and all its problems, because it is likely that as time goes on most of the machines will be flown to England. Under existing laws American pilots could not do this work themselves.

When the war ended, it might be difficult to prevent Canada taking her proper place in transatlantic and ultimately in transpacific aviation with that background of experience. There are companies in the United States which might not welcome that outcome of the war. One way they might hope to prevent that happening would be to work for an embargo on the shipment of bombing planes to Canada under the pretense that they were in fact protesting the export of offensive weapons.

If they decided upon that course, there is no one to whom they would be more likely to look than Colonel Charles A. Lindbergh.

Speculation Permissible

Of course, this is only speculation. But until Colonel Lindbergh gives us the answer, we can only speculate, and we have his invitation to do so.

Colonel Lindbergh owes it to himself, even if he feels under no obligation to Canadians from whom he has received many courtesies, to answer the questions he himself has suggested should be asked.

He should tell who paid for the combined networks of National, Columbia, and Mutual broadcasting systems.

What are his personal interests? Who has influenced him in the preparation of these speeches?

Until he answers those questions he should be regarded as something much more dangerous than a mere "Flying Fool."

Quebec Vote Still in Doubt

(Continued from page 1)

the rural electorate control the verdict.

It is generally recognized Premier Duplessis holds a strong position. His administration of the finances of the province has not been good, but many of his policies such as rural credits, colonization, old-age pensions and highway construction have been popular. In addition, he caught his opponents unprepared for an election. The Quebec Liberals were poorly organized and leadership of the provincial party was far from being the best. The Liberals are also handicapped by the fact that they have not properly cleaned house since the overthrow of the Tachereau regime.

It is doubtful if there has ever been an election in Canada in which the issues have been more confused. Premier Duplessis continues to shout about inroads on provincial autonomy, centralization and assimilation. He suggests that Quebec's minority rights are threatened. On every hand he is accused of falsifying the issues.

He continues to make a fuss about conscription, but in this he makes little headway for there is no party in support of it. Not even his most loyal supporter believes his statement that a vote for Godbout is a vote for Lapointe; a vote for Lapointe is a vote for war; and a vote for war is a vote for conscription. Every French Canadian knows Lapointe is opposed to conscription. Furthermore, they know the Liberals have been an anti-conscription party ever since the last war.

Attack on War Effort

Premier Duplessis has not come out directly against Canada's participation in the war. In fact, he has modified his statements in regard to war participation, especially in addressing English audiences. Yet, he has made participation an issue by attacking certain essential war acts of the Dominion Government.

One of Premier Duplessis's pet themes is alleged unfair treatment by the Dominion Government. In this connection he criticizes the Dominion Government for voting $100 millions for war purposes, which he says is a "destructive work," while refusing Quebec funds for "constructive purposes."

His opponents, however, have been able to point out that Quebec has received the same treatment from the Dominion as such provinces as Ontario and the Maritimes. Furthermore, Ottawa funds available to Quebec have not been used because of the obstructive policies of the Duplessis Government.

Election charges that Quebec's financial autonomy has been interfered with by the War Measures Act have been effectively answered by the Liberals. They point out that the Quebec Government is barred from the U.S. money market by the U.S. Neutrality Act and not by the War Measures Act. Furthermore, no steps have been taken by the Bank of Canada to interfere with provincial borrowings.

The weakest point in the record of the Duplessis administration is its financial policy. In the three years it has been in office it has spent money freely and debt of the province has increased by leaps and bounds. The Liberals are making capital of this and telling the electorate that the Duplessis Government has wrecked the credit of the province.

Electors are also not being allowed to lose sight of the fact that the real reason for the election is financial. It is well known that the provincial government is in a tight financial hole at present. It has large bank loans and owes large amounts of its contractors. The banks are reported to have refused to make additional loans.

Actually, a Duplessis victory will not solve this situation. Expectations here are that no matter who wins the election there will have to be a curtailment of provincial expenditures. For instance, highway construction may have to be suspended.

Cannot Decide War Issue

Entry of the federal Liberal forces into the election has lessened Premier Duplessis's chances of victory. Yet, many observers are convinced this was a blunder on the part of Hon. Ernest Lapointe and his associates. Actually, the Quebec election cannot decide Dominion issues.

Then, again, there is the distinct possibility it would have had no effect on Canada's war effort. Premier Duplessis may talk about inroads on provincial autonomy, centralization and the War Measures Act but he is not in a position to do anything about them. After winning the election he might have "knuckled down" if for no other reason that he would have had little choice to do otherwise, according to one popular view.

In the event of a Duplessis victory it is important that his majority should not be taken as indication of the feeling of French Canada toward the war effort. Without doubt Mr. Duplessis will receive many votes from persons who are not opposed to the war effort.

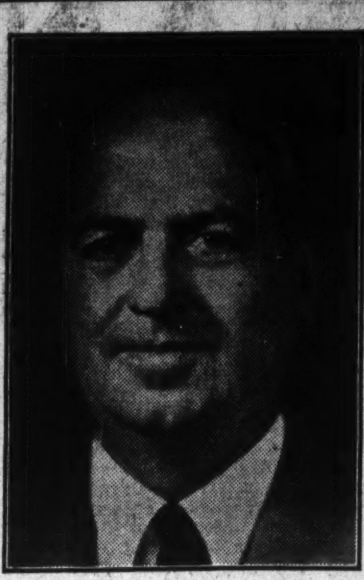
One of the unfortunate aspects of the election is that it has created even greater misunderstanding of this province in other parts of Canada. Most people seem to think that Premier Duplessis is speaking for French Canada when he voices opposition to participation in the war. One only has to talk to members of the French business community to know that this is incorrect.

OTTAWA REPORTS

From Our Own Correspondent

OTTAWA.—Comforted by reassuring reports from Quebec the Government is laying aside anxiety as to the immediate political future. Latest reports from Quebec indicate a decline in Premier Duplessis's prestige and some rise in the popularity of the Liberal opposition.

The more realistic of the Quebec campaigners believe that at the present moment the balance is hanging about evenly between the two parties. They are confident that the great gap between the strength of the Duplessis party and the Liberal party has been partly filled and that they have a chance of victory. They are of the view, however, that anything may happen in the province and that the slightest "break," either way, will be decisive.



NEW PRESIDENT

William C. Wall, who has been elected president of Joliette Steel Co., Montreal and Joliette, Que. Mr. Wall, who is also president of Wall Chemicals, Ltd., and director of Wall Colmonoy Inc. and Carbo Ice Ltd., is general manager of the steel company.

British Columbia Defenses Expand

Total Expenditures in Province Estimated at $3 Millions

From Our Own Correspondent

VANCOUVER. — Wartime construction for defense purposes is playing a major part in British Columbia's building expenditures.

Royal Canadian Air Force is now completing a combined land and seaplane base at Patricia Bay, near Sidney, Vancouver Island, with the first two hangars already under way. These will cost about $300,000, and addition of a barracks will bring expenditure to $400,000.

A similar amount has already been spent on provision of runways and another $25,000 has been allotted for slipway.

Further Work at Esquimalt

At Esquimalt naval base more than $200,000 has already been spent on various improvements and new buildings are being erected at cost of $125,000.

British Columbia contractors have had a good deal of work at Prince Rupert in connection with the $750,000 seaplane base there.

Additional work at Jericho Beach air station near Vancouver will bring the total outlay of the department in British Columbia for the year to approximately $3,000,000.

A large part of this work was planned and contracted for before the war broke out and it will probably be amplified during the coming months.

IS YOUR BUSINESS SAFE from the Fire Hazard?...

The installation of a Dominion Protective System in your building, connected with our Central Station, makes possible the detection of the fire in its *early stages.*

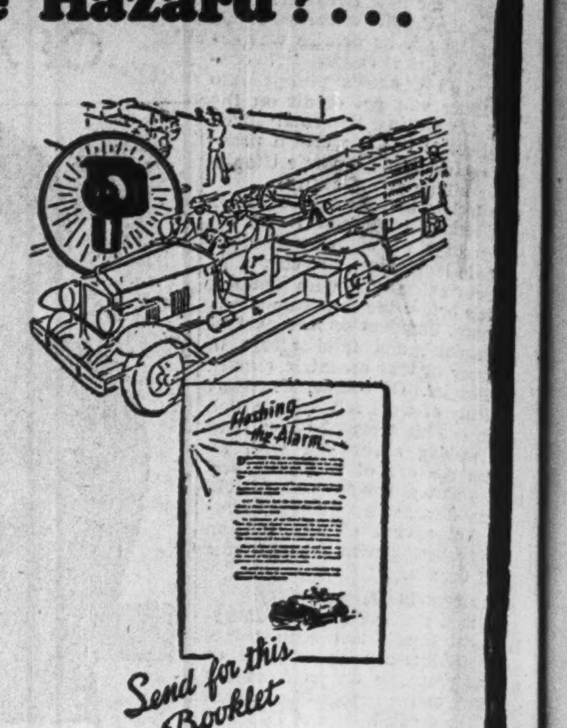
The alarm to our Central Station calls out the fire brigade promptly and dispatches officers to look after the property owner's interests.

Where D.E.P. Fire Alarm Systems are employed, business establishments receive 99.96% immunity from fire. The transmission of fire alarms from protected properties to the fire headquarters through our Central Station is practically instantaneous.

The lowest fire insurance rates are granted where a Dominion Electric Protective System is installed.

Other Dominion Protective Systems include: Electric Burglar Alarm Systems, Night Watch Patrol, Sprinkler Supervisory Systems.

Where Central Station Service is not available we are prepared to install Local Systems connected to the Fire or the Police Department.



DOMINION ELECTRIC PROTECTION COMPANY

Central Stations located at

TORONTO MONTREAL QUEBEC OTTAWA
HAMILTON LONDON WINNIPEG

DOMINION PROTECTIVE SYSTEMS

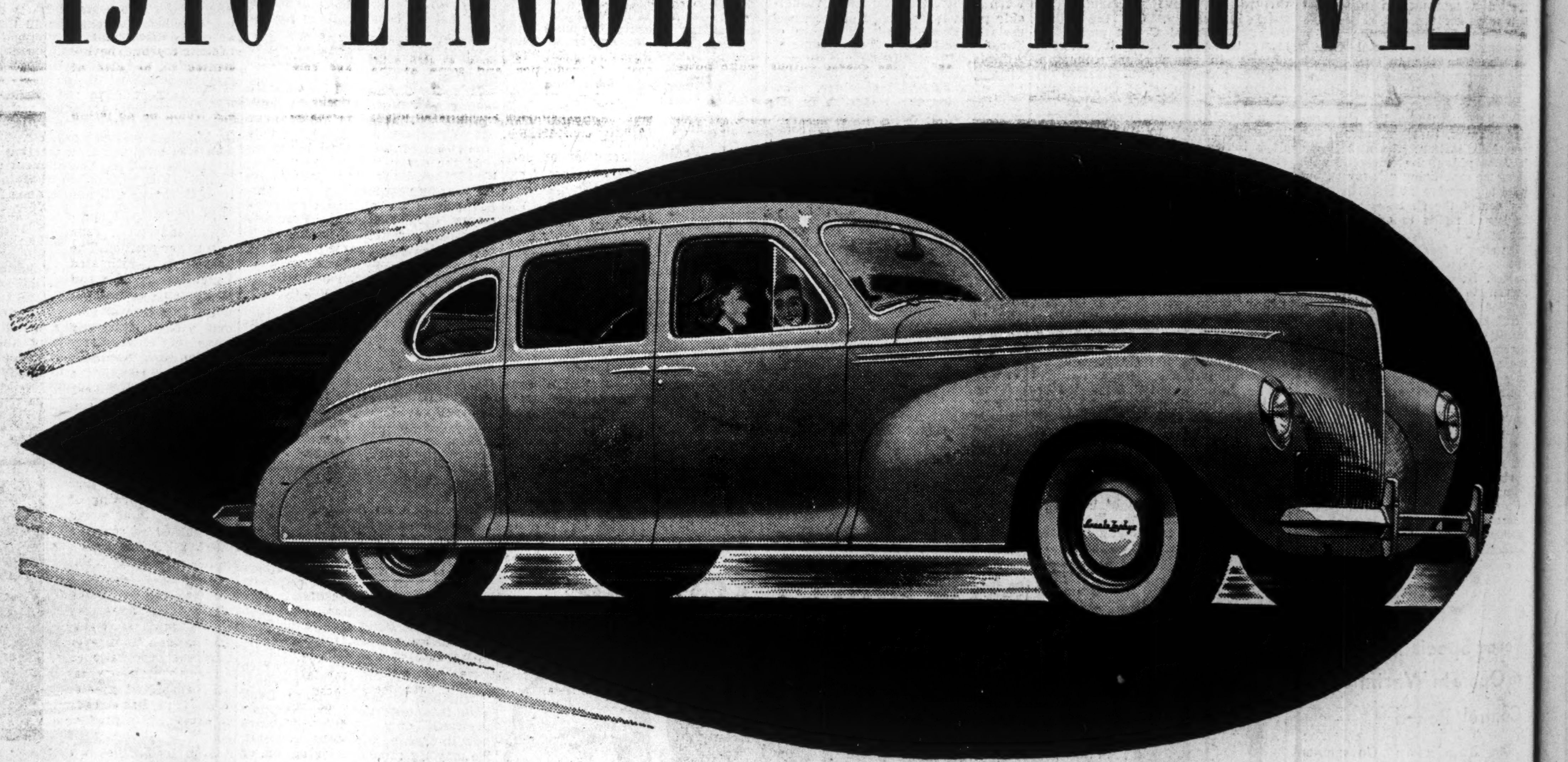
Can. Industrial Alcohol Calls Rest of Debentures

From Our Own Correspondent

MONTREAL. — Canadian Industrial Alcohol Co. has given notice that it will redeem all outstanding 5% debentures at par on Nov. 15, 1939. At Nov. 15, 1938, there were $66,144 of these debentures outstanding.

These debentures were issued by the company in exchange for the 20-year 6% debentures stock of Robert McNish & Co. which were unconditionally guaranteed by C.I.A. Further it will be recalled that last year the company offered to buy back the 5% debentures at 90% of their face value. As a result the outstanding amount was reduced from $895,277 to $66,144.

1940 LINCOLN-ZEPHYR V·12



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THE FINANCIAL POST
Largest Circulation of All Canadian Financial Papers
Vol. XXXIII | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, OCTOBER 21, 1939 | 10c a Copy; $5.00 a Year | No. 42

Food Industries Look For Capacity Production

War Conditions Completely Upset Normal Trading and Processing

B. T. Huston, editor of Canadian Grocer, has been secretary of the Food Products Association since its formation in 1920. The idea of establishing the outstanding display of food products at the Canadian National Exhibition is credited to Mr. Huston. He became editor of MacLean Publishing Co.'s Canadian Grocer in 1908, and is one of the best known authorities on food merchandising in the Dominion.

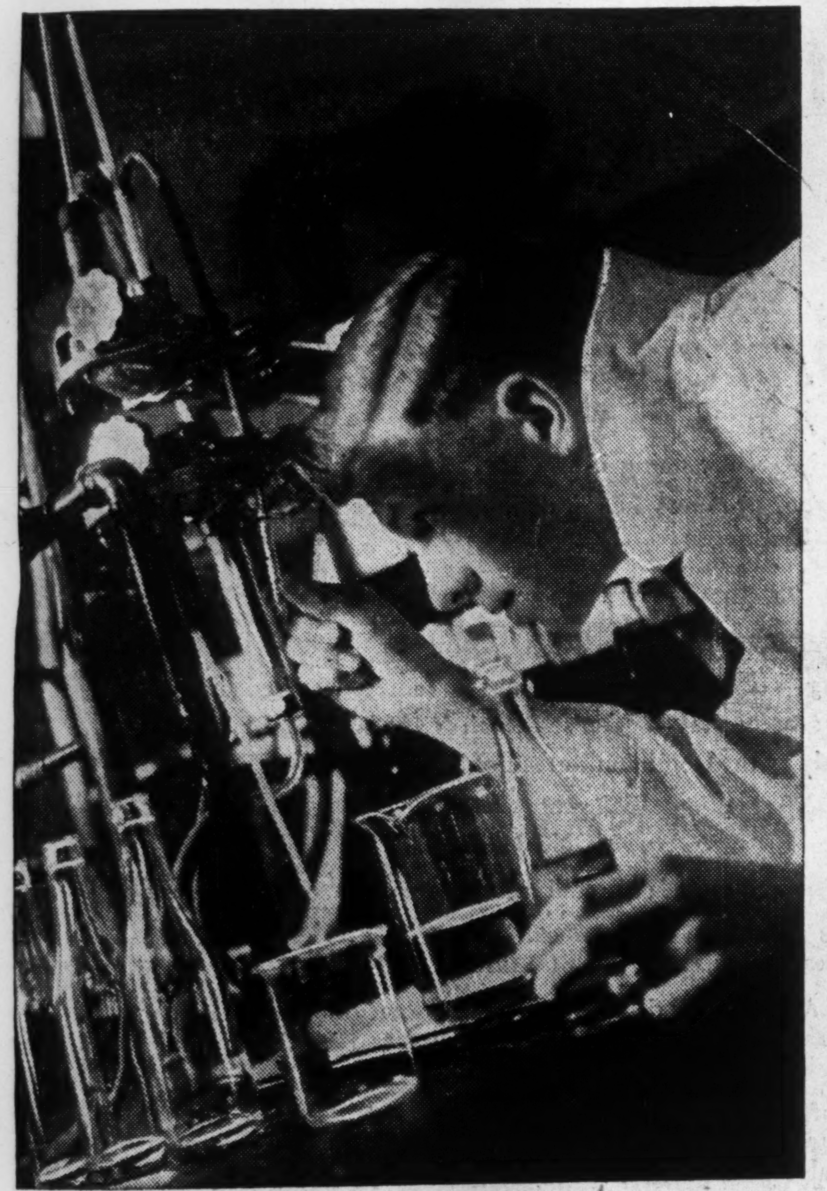
By B. T. HUSTON

War conditions are gradually increasing food prices. Future rises depend largely on length of hostilities. Most imported raw materials will be on a higher basis, domestic business will be quickened causing increased demand. Along with probable wage advances, all this will mean added costs. Steamship rates are invariably higher during a big war and war risk insurance applies especially on merchandise from European or Asiatic waters.

The present food situation cannot be compared to that existing a year ago. It may be summarized as follows:

1. Imported raw materials and finished products will be higher because of higher freights, war risk insurance, shipping delays, uncertainties of arrivals.
2. Exchange on U. S. funds will add to laid-down costs of all foods paid for in U. S. dollars.
3. Sales tax of 8% applies on duty paid values which are higher by the amount of the duty than prices paid in exporting country.
4. It is likely that Canada will be able to purchase usual holiday and other food requirements abroad.
5. While Great Britain in the past several months has been laying in heavy supplies of Canadian basic foods, there is still a big future as long as war lasts for Canadian food producers.
6. There is a big western wheat crop at an opportune time with better export demand in sight.
7. Better year in sight for canners with heavy carryovers as prices are rising.
8. Biscuit firms paying more for sugar and flour but likely to maintain sales and profits.
9. Bread manufacturers continue to sell at old prices, not on replacement values.
10. Improved future for canned milk trade.
11. Price competition still keen among food chains in Eastern Canada.

Anxiety on part of manufacturers using imported raw materials is speeding up demand. This is evident in the recent purchase by confectionery manufacturers of sugar made from high-priced Cuban raws at more than $1 per cwt. above Canadian refined to make sure factories would not have to shut down.



In the laboratories of the canning industry tireless workers have furthered food chemistry, brought revolutionary changes into the business. Their efforts have increased the varieties of vegetables and fruits preserved and broken down geographical barriers. Here is a chemist experimenting in developing new methods of preserving fruit juices.

—Canada Packers' photo.

Export business has always been of vital importance to Canadian meat packers. The British market offers an outlet for its bacon that it has not been able to completely supply. With war increasing these demands, meat packers are assured of a steady demand for their products. Here is a truck of Wiltshire sides being stowed in the hold of a transatlantic steamship. The sides must be handled with extreme care.

A good many foreign food products are paid for in United States funds and this is also adding to laid-down costs, at the moment to the extent of 11%.

Lower sterling to cover merchandise from British sources is offset largely by higher freight rates and war risk insurance. Markets are therefore likely to follow the trend in the 1914-1918 war; but this time advances will be more gradual because of control systems put in effect by both the British and Canadian Governments. It is also evident from the start that Canadian industry, while not losing sight of a return on operations, is keeping the interests of the entire country in mind.

Food For Britain

Canada will, to a much greater extent than in 1914-1918, provide the United Kingdom with essential food products. With the convoy system of the British Government effective much earlier than in the preceding war, this country stands in a unique position. Increased demand for wheat has already pushed prices upward, which is relieving the Government of its 70 cents per bushel guarantee that otherwise would have cost the country many millions of dollars.

Flour has advanced and is in greater export demand with the future for both wheat and flour looking brighter. Great Britain will continue to take our bacon and probably in increased quantities. The United Kingdom has evidently been purchasing well ahead in many essential foods including various canned goods. Seven months' exports this year of canned vegetables were more than three times as great as last.

Britain has been purchasing heavily of beans from western Ontario, to such an extent that prevailing prices up to outbreak of the war were double what they otherwise would have been. There is an assured market for a big percentage of the cheese output, while butter exports to the Mother Country are running many times greater than last year. Exports of packaged cereals—they were more than $3.5 millions in last fiscal year, with $3.1 millions going to the United Kingdom—are not likely to be reduced.

Imports Continue

On the other hand, Canada will continue to import fancy biscuits, jams and marmalades from the United Kingdom; glacé fruits and shelled walnuts from France, imported cheese from Switzerland and some of the other countries, as the demand requires. Even sardines are coming from Norway and Canada is getting supplies of shelled walnuts from far-off Manchuria now controlled by Japan, dates from Iraq, figs from Turkey, dried fruits from Australia.

There is, therefore, little reason to see food wholesalers and retailers injuriously affected through lack of imports.

Canada certainly did not produce food products to capacity this year. Canners deliberately cut acreages in the important vegetable products because of surpluses carried over from past two years. The canned tomato pack may not exceed 1½ million cases, whereas two years ago it was 3½ million. The canning industry has a big potential production capacity.

It is not expected that the Wartime Prices and Trade Board will attempt to curtail the food business to any extent. It has already indicated that it is not keen about fixing prices. What it will endeavor to do will be to prevent undue advances — these will be isolated cases only—and to stop speculation. All of which means that advances will be permitted to conform with increased costs and replacement values and these, with few exceptions, will be made gradually.

Loss Leader Legislation

Loss leader legislation has run into snags in eastern Canada, although the west is fairly solid for it. British Columbia, Alberta and Manitoba have loss leader legislation, which, in effect, is designed to prevent the sale of any food product at less than 5% over the recognized wholesale cost. Chains and department stores in the West have to conform to these laws, but there have been some troubles arise because of evasion schemes. The Ontario Government has turned down a similar request from independent retailers in that province.

The matter of price-cutting in Ontario was left with the Trade and Industry Board under the chairmanship of E. J. Young. This Board has been calling in members of the trade against whom complaints were issued and has been engaged for several months in sifting the evidence. But it has not yet made any announcement. Similarly, there is no legislation in Quebec or the Maritimes dealing with loss leaders.

Canning Industry

Fruit and vegetable canning in Canada is on a more profitable basis this season than last. This would have been the case even if there had been no war, inasmuch as canners last spring found it necessary to secure higher prices through reduction of crops and packs. Canned food prices of the past year hit new lows for a decade or two. In many instances goods were sold at less than cost of production and some of the smaller independents encountered financial difficulties, while profits of others receded considerably.

Carryover of peas, tomatoes, tomato juice and corn from the 1937 and 1938 packs and low prices prevailing, compelled canners to cut acreage contracted for last spring. There are no official figures yet on any of these packs but if estimates are correct, the pea pack, which ended in July, was not much more than 50% of a year ago. It is calculated that the tomato pack, on account of reduced acreage and a comparatively poor season, may not exceed 50% of 1938.

The corn pack may run up to 60%. Jobbers and large retail distributors have been coming into the market more freely the last three or four months, paying prices anywhere from 10 to 25% higher lately.

Following figures show three-year pack production:

	1937	1938	*1939
	000's of cases		
Tomatoes	3,539	2,375	1,200
Peas	1,853	2,101	1,100
Corn	1,775	1,630	1,100
Total	7,167	6,106	3,400

*Estimated.

It is this prospective decrease, estimated at over 3½ million cases from 1937, that started the market upward. War or no war, prices would have been higher.

British Embargo

Great Britain has put an embargo on certain luxury lines. Import licenses are required on others, including canned vegetables but not tomatoes. So that we still have a free market into the United Kingdom for all tomato products (except ketchup), such as canned tomatoes, tomato juice, tomato pulp and puree. This situation has further strengthened the market and unless Britain feels it is good business from an international political standpoint to buy most of her canned tomatoes from Italy, Canadian exports should speed up. Lately the Dominion has been exporting from 600,000 to 700,000 cases annually and much more than that of other tomato products.

Carryover of the above vegetables was mostly in the hands of one or two of the large canners; so that they will benefit most from the higher prices.

Canned fruit prices have been low because of substantial packs in the past couple of years. But it is not easy to curtail fruit production, and this year crops have been good, especially in the case of small fruits and peaches. In view of rising markets it is quite likely the Canadian peach pack will equal or exceed last year when it amounted to 433,678 cases.

Little trouble is experienced is getting sufficient sugar. The pear crop is not quite so good but there should be little difference in size of the pack when completed next month. Last year it totalled 510,000 cases. The United Kingdom is a big buyer of Canadian canned pears, having taken 13.1 million lb. in the last fiscal year against 9.7 million year before. In the past couple of years she has also been buying more canned peaches.

Jam and marmalade prices are higher after what seemed like quotations at cost of production or below in the last year or so.

If the war lasts any length of time canners are likely to experience considerably better prices and profits. At the moment the embargo (which may only be temporary) in the United Kingdom against tomato ketchup seems to be the only fly in the ointment from the canners' standpoint.

Sugar Refining

The troubles of sugar refiners, wholesalers, retailers, candy makers, and consumers since outbreak of war in Europe are gradually subsiding. At least 99% of the trouble was attributable to consumer raids on stores, resulting in about half of the homes of Canada having practically all the sugar available. Persistent demand put the Canadian refiners in a short position, which in many instances caused more or less strained relations with large buyers.

At times refiners were working at 150% of what was considered their capacities. Raws could not be imported fast enough. Then Great Britain reported the purchase of all British West Indies raws which tended to further complicate the situation. Later, however, she announced release of some supplies to Canada. Small temporary relief was obtained when a number of beverage and candy firms at request of the Wartime Prices and Trade Board gave up some of their surplus for regular retail channels.

Sugar jumped 50c. a cwt. on Oct. 2 because of the slowness of getting raws into the country, higher prices paid for them and domestic supply and demand.

To relieve the situation several things have been done. Ottawa announced the 75c. a cwt. dumping duty would be removed from United States and Cuban refined sugars until Nov. 15 although this may not mean very much. Certain refiners purchased Cuban raws at a high price (one firm is bringing in 1,800 tons) and refining them in Canada, although little or no raw sugar had been coming from that country. Canada's own beet sugar began to be released early in October.

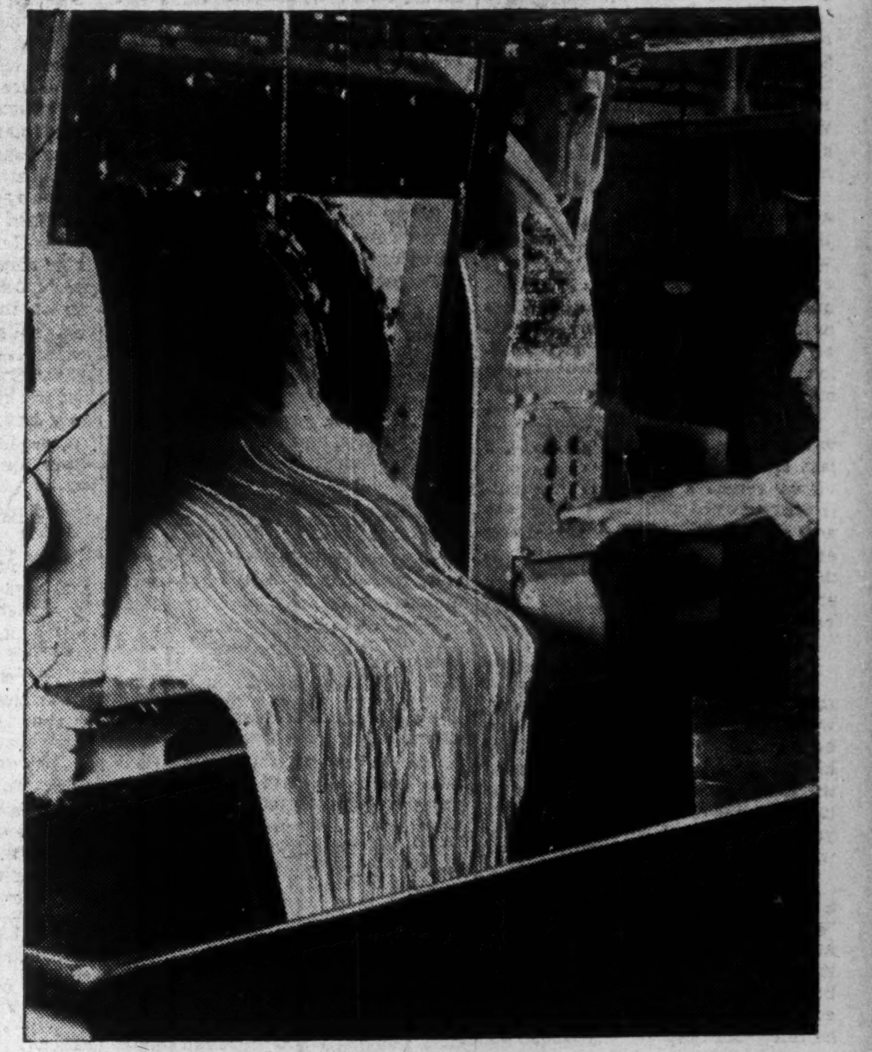
As far as importation of Cuban raws is concerned, it is interesting to note that the manufacturer involved disposed of the refined product to candy and beverage firms prior to manufacture and at more than $1 a cwt. above the prevailing price of Canadian refined after the 50c. advance. The confectionery and beverage companies wanted to be sure of stocks so that there would be no let-up in plant operations.

Position of Refiners

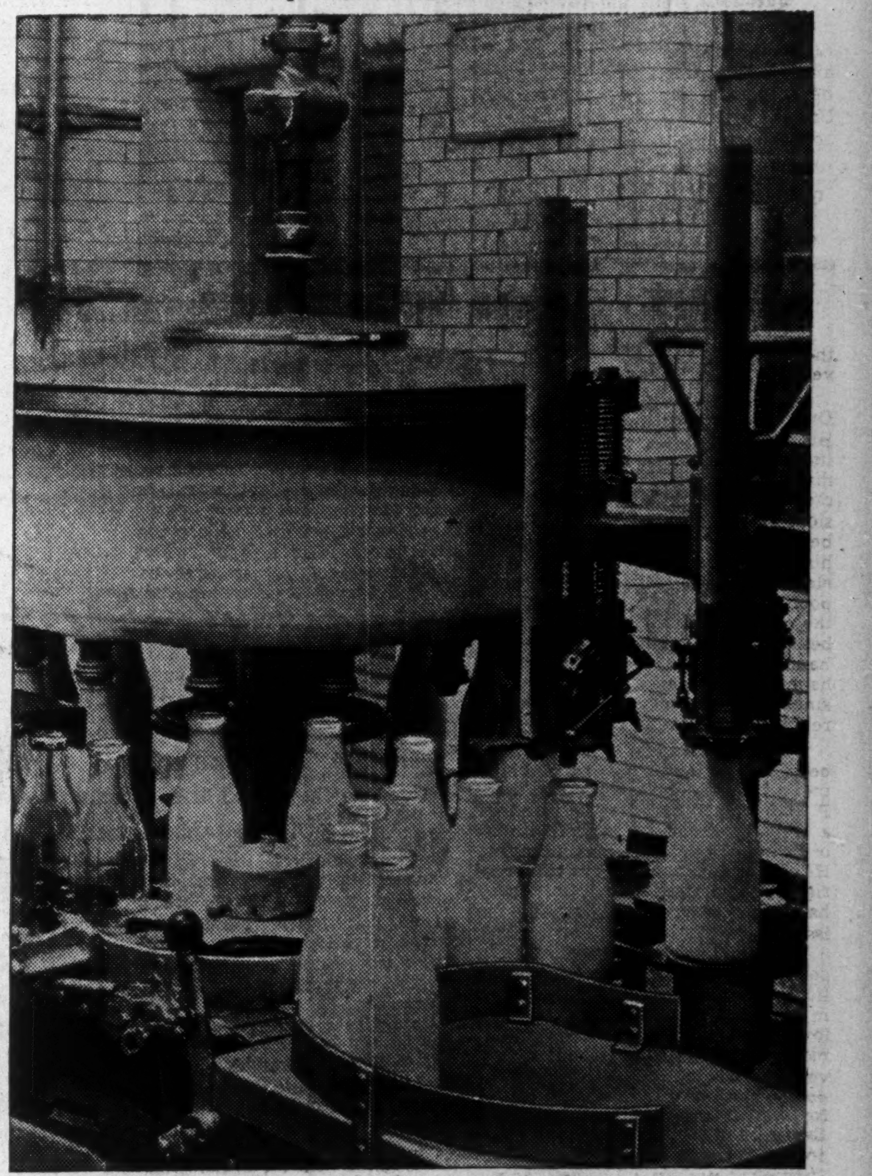
Refiners of raw cane only have not been faring so well because of the shortage of raw material, whereas those operating beet factories in addition to cane are placed in a much better position. The Canadian beet sugar crop is estimated to be 100,000 tons greater than 1938 and with a high sugar content. Ordinarily, beet sugar produced in Ontario is not all sold until March or April of following year. This year it is likely to be nearly all gone by first of January. Nor does Ontario beet sugar usually sell in the Montreal territory, whereas this year heavy deliveries are being made there, and at a much higher price than Montreal cane.

From a world standpoint there does not look to be any future sugar shortage. I recently compiled figures to show that in the 1913-1914 crop year—opening of the former World War — total world sugar production amounted to some 18 million tons. By 1937-1938 it had grown to 30 millions, an increase of 66 2/3%, with cane sugar up 95% and beet 26%. Several more countries are producing raw sugar in a fairly substantial way since 1914, such as India, Australia, South Africa. Sugar exports from large producing countries have been rationed the last few years, which indicates that these countries are capable of greater production if need be. Cuba has already announced further expansion in production.

Unless transportation difficulties are encountered, not noticeable now, there should be no world shortage of sugar as was experienced toward the end of 1918 and in 1919 when wholesale prices in Canada hit the high mark of $24 a cwt., against $6.25 at end of October, 1914. But if the war is extended further gradual rises should occur in raws and consequently in refined sugar, as Canadian beet is not nearly sufficient to satisfy Canada's demands, which requires upwards of 900 million lb. annually under normal conditons.



Biscuit makers are looking for an eventual stimulation of their business during wartime, although prices of ingredients have risen sharply since the outbreak of war. Canadian plants are highly mechanized, possessing the most modern equipment available. Here is a large dough mixer pouring forth the ingredients which were poured into it a few moments before.



—Borden Co. photo.

The handling of fluid milk is a most exacting process. Milk is highly susceptible to odors and vigilance cannot be relaxed for a moment. The milk goes through the dairy swiftly in plants where cleanliness is a religion. The process is almost perpetual motion for delivery of milk must be made 365 days in the year. Here is one of the bottling machines which every day of the year places the fluid in an endless chain of containers.

Salmon Canning

Salmon canners in British Columbia are not having difficulty selling their packs this year. Export demand has been heavy. Usually about two thirds of the pack is exported in a normal year. Apart from pinks, packs of the various important grades are well down from last year, some of them being the lowest up to date of the past six years. Sockeye pack is down almost 40%, compared with the same date a year ago. Cohoe is down nearly 30% and Ketas 37%. On the other hand, the pink pack is up 50%. On the whole, the pack is down about 8%.

Higher prices are prevailing this year with the exception of Cohoes. Sockeye grade opened $1 a case above a year ago and pinks and Ketas were marked 50c a case up. So short is the sockeye grade that British Columbia Packers Ltd. had to make only pro rata delivery on contracts.

A new phase of the salmon situation this year is the application of the 8% sales tax for the first time, announced in the September Wartime Budget. It applies to all canned fish.

Replacement value policy was not generally adopted by tea and coffee packers following the substantial increases in duties in the Wartime Budget. Tea duties were increased from 5 to 10c. a lb. based on quality and a 10c. a lb. duty was placed on British-grown raw coffee, while non-British coffee duty was increased from 3c. to 13c.

Some of the large tea package firms who price-label their goods, have been in a quandary ever since the budget. Tea auctions were cancelled, not only in London but in Colombo and Ceylon. Prices advanced in the primary market; freights were higher and war risk insurance applied. Great Britain put an embargo on tea out of that country.

So the problem was to gauge what the new prices on the labels should be, whether 5c., 7c. or 10c, higher. On this account such firms as Salada Tea Co., Red Rose Tea Co., and some others had made no changes to middle of October. On the other hand, Pure Gold Mfg. Co. advanced one grade of its Blue Ribbon tea 4½c. to the trade; Standard Brands Ltd. marked up its prices while dealers in bulk blends also advanced to get back at least part of the increased duty.

The supply situation is clearing. Producing countries have decided to release an extra 5% of the basic years.

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Baking Companies Face Rising Costs

Bread Prices Not Advanced To Compensate For the Rise

Sharp increase in commodity prices since the outbreak of war has increased costs of bread and biscuit manufacturers substantially. Competition remains keen and no advance in prices has yet been made to compensate for higher costs.

Some difficulty is seen in scaling prices of bread upward because of the large number of organizations in the business. Biscuit manufacturers, being fewer in number, are more advantageously placed.

Barker's Bread

Barker's Bread Ltd. last annual financial statement covered a period from April 17 to Dec. 31, 1938. During this period the company underwent considerable change, the extent of which is not clearly discernible from the company's statement.

H. B. Manning, president, stated in the annual report that the management amalgamated its properties with those of two subsidiaries purchased earlier in the year for cash and stock.

The report states that sales volume improved and sales were extended into new districts not previously served.

Net profit in the eight and a half months period ended Dec. 31, 1938, was $18,961, after depreciation and income taxes. Preferred dividends were earned and paid.

At Dec. 31, 1938, there were 9,584 5% cumulative preference shares of $50 par value outstanding, of which 457 shares were issued for 1,500 preference shares of a subsidiary company. At April 16, 1938, there were 9,179 preference shares outstanding. There were 35,605 no par common shares outstanding.

Hon. J. Earl Lawson was elected to the board of directors at the annual meeting on April 22, 1939.

Directors—H. B. Manning, pres.; R. B. Phipps, treas.; J. B. White, Hon. J. Earl Lawson; Toronto; G. W. Burry, Linden, N.J.

Sec.—Eileen Crossman.

Burry Biscuit

Burry Biscuit Corp. has announced that the regular quarterly dividend of 75 cents on its 6% preferred stock, due Oct. 1 was deferred. This is interpreted to mean that the company's business has not been satisfactory in the current fiscal year.

In the year ended Oct. 29, 1938, a considerable shrinkage in earnings was reported. Gross income during the period decreased to $45,008, from $155,914 for the corresponding period in 1937. Net profit for the year dropped to $30,349 from $121,016. Earnings on the 6% convertible redeemable preferred of $50 par value amounted to $3.07 and $12.26.

Prior to deferring of the recent dividend the company has paid its dividends regularly and an initial dividend of 25 cents was paid on the common stock on June 15, 1937. There was nothing paid subsequently on this class.

The company operates in the United States, with head office at Elizabeth, N.J. It manufactures and distributes English type sweet biscuits and "Educator" crackers.

There are a number of Canadian shareholders of the company's stock, but its shares were removed from trading on the Toronto Stock Exchange on Aug. 2, 1939, at the company's request. The shares are now traded on the New York Curb Exchange and on the Detroit Stock Exchange.

Directors — G. W. Burry, pres.; G. W. Fraser, vice-pres. & treas.; R. D. Strawbridge, sec. and asst. treas., Elizabeth, N.J.; S. C. Ross, Buffalo, N.Y.; C. C. Winningham.

Canada Bread

Better operating conditions for Canada Bread Co. in recent years is being reflected in the steady reduction made by the company in arrears on the class B preference stock.

The company was able to pay a dividend on arrears of 37½ cents on the 5% Class B preference stock of $50 par value on Oct. 2. Arrears on this class now amount to only 37½ cents a share, and the common stock stands to benefit ultimately from the clearing up of arrears.

Canada Bread Co. is one of the major bread manufacturers in Eastern Canada. Operations extend over Ontario and into sections of Quebec and Manitoba. Majority of the common stock is held by Maple Leaf Milling Co.

In the year ended June 30, 1939, a net profit of $396,370 was shown, compared with $261,924 in the preceding year. Steady improvement has been made since 1933, when a net loss of $43,285 was recorded.

During the past four years, Canada Bread Co. has been able to show earnings on its common stock, after taking into consideration participation features attached to the preferred stock. On this basis earnings in 1939 were 73 cents a share. In 1938 they were 39 cents. This steady betterment has placed the common shares in a much better position to participate in disbursements.

In the 1939 fiscal year, the company was able to reduce the 6% first mortgage sinking fund bonds outstanding to $595,500 from $629,400. Sinking fund has been provided in full to the maturity of the issue in 1941. These retirements have the effect of reducing charges and placing capital stock in a better position.

Directors — C. H. Carlisle, pres.; C. B. Shields, A. G. Walwyn, A. W. Holmested, R. S. Waldie, vice-pres., G. C. Leitch, Toronto; A. V. Loftus, gen. mgr.

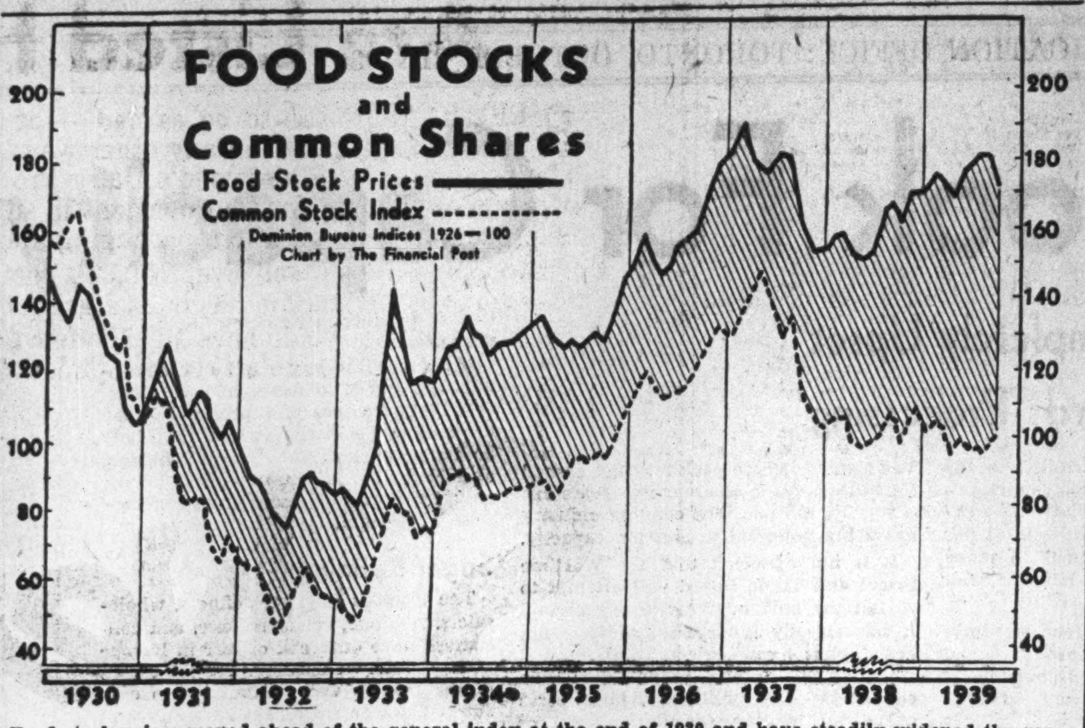
Asst. gen. mgr. and sec.-treas.—W. S. Antliff.

Asst. sec.-treas.—L. F. Enright.

Canadian Bakeries

Shareholders and bondholders of Canadian Bakeries Ltd. will vote upon a plan of reorganization at a special meeting in Calgary, Oct. 30.

The plan calls for elimination of arrears on the preferred stock, which have accumulated on the first preferred since June 12, 1931, and upon the second preferred since Aug. 31, 1930. Arrears at Aug. 31 amounted to $57.50 a share on the first preferred and $63 a share on the second.



Food stock prices moved ahead of the general index at the end of 1930 and have steadily widened the gap ever since. This chart only shows the effect of the outbreak of war up to the early part of October. It is perhaps too soon to be certain to what extent common stocks as a whole can catch up to the food stock index.

It is proposed that:

Each 7% preferred share receives one new 5% preferred share and three new common shares, of no par value.

Each second preferred share would get seven new common shares.

Each common share would receive ⅛ share of new common.

Dividends would accrue from Sept. 1, 1939, on the proposed issue of 5% preferred stock. In the company's financial statement for the year ended Aug. 31, 1939, improvement was shown in earnings. The first preferred stock earned $6.14 a share, contrasted with $2.50 a share in previous year. Working capital increased to $339,864 from $237,898.

Canadian Bakeries Ltd., with head office at Calgary, is controlled by Maple Leaf Milling Co. It manufactures and distributes to wholesale and retail trade bread, cake, etc. Its plants are located throughout the Canadian West.

Directors—R. W. Ward, pres. and gen. mgr., Calgary; D. C. MacLachlan, vice-pres., Toronto; D. A. Ross, sec.-treas. and asst. gen. mgr.; John Burns, Calgary; F. J. Coombs, R. S. Waldie, Toronto; E. E. Buckerfield, Vancouver; H. M. E. Evans, Edmonton.

Consolidated Bakeries

Consolidated Bakeries of Canada Ltd. is a holding company, which through 12 subsidiaries operates in Ontario and Quebec. It is controlled through management shares by Ogilvie Flour Miles Co.

Earnings record over a period of years has been satisfactory and the company has been able to show a net profit in every year since incorporation in 1928. Sales are reported to be holding in the current year.

During 1938 sales volume was maintained. Robert McMullen, president, stated in the annual report. Net profit was equivalent to $1.16 on the ordinary shares, of which there were 318,440 outstanding. In 1937, net profit was equal to $1.01 a share.

Quarterly dividends of 25 cents have been paid regularly since the rate was increased on April 1, 1937. An extra dividend of 15 cents was paid for 1938, bringing disbursements for the year to $1.15.

Working capital of the company is strong, totalling $1.5 million at the end of 1938, only a slight change from that of the previous year. The company's position is liquid. Investments were shown in the 1938 balance sheet at $1.4 million, which was $329,612 less than market value.

Directors—John Turnbull, chm.; Robert McMullen, pres. & gen. mgr.; J. F. Lash, *F. W. Morrow, F. G. Osler, Toronto; R. R. Dobell, Sir Herbert Holt, *G. A. Morris, *J. W. McConnell, Beaudry Leman, Montreal.

Vice-pres. & asst. to gen. mgr.—T. M. Dutton.

Sec.—H. O. Neale.

Treas.—H. S. Pratt.

*Management shareholders.

Dominion Bakeries

Dominion Bakeries Ltd. does not operate as a bakery company, but owns and rents 13 bakeries in Ontario to independent firms. Maple Leaf Milling Co. provides management of the concern without cost.

In the year ended Aug. 31, 1938, the last year for which financial statements are available, revenue from rentals increased somewhat, but increased expenses, because of the necessity of making repairs, more than offset the improved rentals.

Operations for the year resulted in a net loss of $21,059, increasing deficit shown on the balance sheet to $738,455. Interest charges on account of Maple Leaf Milling Co. were waived during the year.

Majority of the 6½% preferred stock and common stock is owned by Maple Leaf Milling Co., but $725,000 of 6½% first preferred stock is held publicly.

Dividends at Aug. 31, 1939, totalled $58.50 on the first preferred shares and $61.75 on the second preferred.

Because revenues will not respond as rapidly to improvement as earnings of baking companies renting the property, the outlook for this organization is not particularly bright.

Directors—D. C. MacLachlan, pres.; G. A. Scrimger, sec.; G. A. Mackey, C. S. Band, J. L. Henderson, G. H. Hand, Toronto; A. F. Culver, Montreal.

Eastern Bakeries

Eastern Bakeries Ltd. operates a chain of bakeries in the Maritimes, with head office in Saint John, N.B.

Outstanding capitalization consists of $600,000 of 6½% preferred stock of $100 par value, and $500 of 7 cent common shares. Maple Leaf Milling Co. controls the company and guarantees dividends at the rate of 3¼% on the preferred stock from Oct. 15, 1934, to Jan. 15, 1944. These dividends are being paid at the guaranteed rate.

McCormick's Ltd.

McCormick's Ltd., manufacturer of biscuits and candies, with head office in London, Ont., was acquired by George Weston Ltd., in March, 1937.

All of the common stock of the company, amounting to 73,705 shares, with the exception of directors' qualifying shares are held by George Weston Ltd.

The company's funded debt is guaranteed unconditionally as to principal and interest by the parent company. This debt included at the end of 1938, $246,000 of 4½% guaranteed prior lien sinking fund bonds, due July 1, 1952, and $1,373,950 4% guaranteed sinking fund bonds, due July 1, 1952.

Financial statements are now consolidated with those of the parent company.

Inter City Baking

Official information as to earnings of Inter City Baking Co. in the current year is lacking, but operating results are reported to be somewhat better than in 1938. Earnings in the fiscal year ended Jan. 31, 1939, showed marked improvement over the previous year, net profit being higher than in any year since 1929. Earnings on the common stock were equivalent to $6.16 a share, compared with $3.07 a share in the previous year.

Financial position has shown steady improvement in recent years. Working capital at Jan. 31, last, amounted to $422,755 as compared with $369,927 in the previous year and $105,415 in 1933. Funded debt has been reduced to $1,169,500 from $1,544,115 in 1933.

Dividends are not on a regular basis but in the 1938-39 fiscal year the company paid $3 a share. This compares with $2 the year previous. On July 1 last the company paid $1.50 a share, which is 25 cents a share more than paid in 1938. Dividends in the current year are likely to be at least as large as last year.

Inter City Baking is controlled by Lake of the Woods Milling Co. Through subsidiaries it operates four bakeries, one in both Toronto and Ottawa and two in Montreal. They have a combined capacity of 100,000 loaves of bread and over 2,500 pounds of cake daily. A bread and confectionery business is also operated at Brockville through a partially owned subsidiary.

Directors — F. S. Meighen, pres.; J. W. Pyke, vice-pres.; C. H. G. Short, gen. mgr.; D. A. MacInnes, asst. sec.-treas.; Hugh MacKay, R. W. Reford, Montreal; C. W. Cotter, Ottawa; R. G. Cowan, Toronto.

Sec.-treas.—R. R. Hutchison.

Robinson Cons. Cone

Robinson Consolidated Cone manufactures ice cream cones, sandwich wafers, cups, soda straws, cartons, etc., at its plant in Hamilton.

In the past two years earnings have been closely comparable. In the year ended Sept. 30, 1938, net profit amounted to $28,199, against net profit of $28,116 in the previous year. At Sept. 30, 1938, there were 54,984 no par common shares outstanding. Present dividend rate on the stock is $1 annually.

Directors—John Moodie, pres., Port Nelson, Ont.; J. F. McDonagh, vice-pres.; F. K. Morrow, J. F. Lash, G. L. Leitch; Toronto; R. R. Barber, Chatham, Ont.; Victor Vallance, Hamilton.

Sec.—E. M. Fletcher.

George Weston

In the first half of the current year George Weston Ltd. was able to show a moderate betterment in earnings. Net earnings for the six months amounted to $247,398, compared with $209,602 in the corresponding period of the previous year.

In the late summer it was reported that the company were purchasing a small bankrupt plant, Associated Biscuit Co. at Salamanca, N.Y. Purchase price was stated to be $4,000.

The company carries on extensive operations throughout Canada and the U. S. It manufactures fine biscuits, bread, cakes and confectionery in its plants. One of its most important subsidiaries is McCormick's Ltd., whose bonds are guaranteed by the parent company.

The company has been expanding its activities and in 1938 by purchase of seven baking concerns entered into the Western Canadian field.

In 1938 consolidated net profit was $543,779, compared with $503,612 in

(Continued on page 16)

Baking

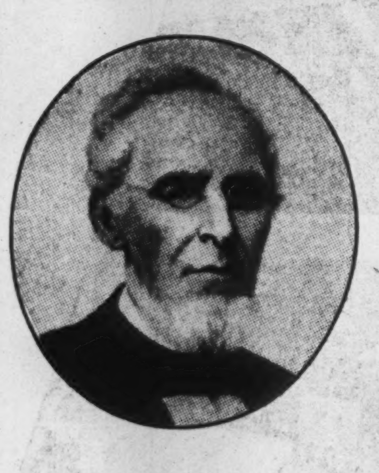
Stocks:

	Outstand. $	Earned per Share 1938 $	Earned per Share 1937 $	Div. Rate $	Price Range —1938-39— High	Price Range —1938-39— Low	Last Price	Yield %
Barker's Bread:								
5% Pref. cum. red. conv., par $50	9,584 sh.	1.98	1.72	2.50	40	20	35	7.2
Common, n.p.v.	35,605 sh.	0.05	d0.16	nil	7½	3	5	...
†Period Apr. 17 to Dec. 31, 1938. *Year ended Apr. 16, 1938.								
Burry Biscuit:								
Pref. conv. red., par $50	9,870 sh.	3.07	12.26	*	...	...	...	...
Common, par 12½c.	401,040 sh.	0.002	0.023	nil	...	...	...	...
Deferred Oct. 1, 1939.								
Canada Bread:								
5-6% 1st Pref. cum. red., par $100	1,250,000	▲31.71	▲20.95	5.00	105½	80	97¼	5.2
Pref. B cum. part., par $50	25,000 sh.	†7.54	†4.82	‡2.50	60	40	55	4.5
Common, n.p.v.	*200,000 sh.	†0.73	†0.39	nil	7	2	5½	...
*Majority held by Maple Leaf Milling Co. †After allowance for participation provisions. ‡$1.50 paid on arrears during 1939. ▲Years ended June 30, 1939 and 1938.								
Canadian Bakeries:								
1st Pref. cum., red., par $100	913,000	*6.14	*2.50	nil	55	25	55	...
2nd Pref. cum. conv., par $100	1,000,000	d0.78	d4.11	nil	...	...	...	...
Class A, n.p.v.	20,000 sh.	d3.89	d5.56	nil	3	1	1	...
Class B, n.p.v.	†	...	...	...	...	...	...	...
†20,000 shares authorized for the conversion of 2nd preferred. *Years ended Aug. 31, 1939 and 1938.								
Consolidated Bakeries:								
Pref. management shs., n.p.v.	3 sh.	...	...	...	...	...	...	...
Ordinary, n.p.v.	318,440 sh.	1.16	1.01	*1.00	17½	11½	15	7.6
*An extra dividend of 15 cents paid Jan. 3, 1939.								
Dominion Bakeries:								
1st Pref. 6½% cum, red., par $100	725,000	d2.90	d2.69	nil	...	...	...	...
2nd Pref. 6½% red. conv., par $100	210,000	d32.47	d31.72	nil	...	...	...	...
Common, n.p.v.	25,000 sh.	d3.27	d3.21	nil	...	...	...	...
Majority of 2nd pref. and common stocks owned by Maple Leaf Milling Co.								
Eastern Bakeries (Controlled by Maple Leaf Milling):								
Pref. 6% cum., par $100	500,000	Not avail.		nil	...	...	...	...
Common, n.p.v.	30,000 sh.			nil	...	...	...	...
1,000 preferred and over 25,000 common owned by Maple Leaf Milling.								
Inter City Baking:								
Common, par $100	2,114,500	6.16	3.07	*1.50	35	19½	25	...
*Interim—paid July 31, 1939.								
McCormick's:								
Common, n.p.v.	*73,705	Not avail		nil	...	...	...	...
*All held by George Weston, Ltd., except directors' qualifying shares.								
Robinson Consolidated Cone:								
Common, n.p.v.	54,984 sh.	Not avail.		1.00	...	...	...	...
Viau, Ltd.:								
1st pref. cum. red., par $100	946,000	7.09	6.67	5.00	55½	45	52	9.6
Common, n.p.v.	44,920 sh.	0.44	0.35	nil	3¼	1½	..	...
George Weston:								
Pref. cum. red., par $100	1,750,000	*30.92	*28.61	5.00	96	80	88	5.7
Common, n.p.v.	404,421 sh.	1.12	1.02	0.80	13¼	9	11½	6.9
*After dividends on preferred stocks of subsidiaries in hands of public.								
William Patterson:								
Pref., par $100	*62,100	Not avail.		7.00	...	...	...	...
Common, n.p.v.	4,000 sh.			nil	...	...	...	...
*Of which $38,400 was in the hands of the public as at Dec. 31, 1938.								
David et Frere:								
Cl. A $2.25 non-cum., n.p v.	23,000 sh.	2.37	1.42	*0.60	17	3	12	7.5
Cl. B, n.p.v.	23,000 sh.	0.12	d0.83	nil	3½	½	1½	...
*Extra dividends of 10 cents each paid Mar. 31, June 30 and Sept. 30, 1939.								
Moir's Ltd.:								
6% 1st pfd. cum., par $100	975,000	nil	nil	nil	...	...	...	...
Common, n.p.v.	15,300 sh.			nil	...	...	...	...

Bonds:

	Int. Rate %	Maturity	Outstand. $	Times Int. Earned After Deprec. 1938	Times Int. Earned After Deprec. 1937
Canada Bread:					
1st Mtge. S. F.	6	1941	*595,500	15.82	8.65
*Exclusive of $51,400 held for redemption. †Years ended June 30, 1939 and 1938.					
Canadian Bakeries:					
1st Mtge. S. F.	6½	1945	555,100	*3.17	*1.96
*Years ended Aug. 31, 1939 and 1938.					
Inter City Baking:					
1st Mtge. S. F. Gold	5½	1948	1,169,500	3.50	2.19
McCormick's:					
Guar. Pr. Lien S. F.	4½	1952	246,000	65.53	55.80
Guar. S. F. Mtge.	4	1952	1,373,950	13.00	11.71
Viau, Ltd.:					
Gen. Mtge. S. F.	6½	1946	301,300	5.35	4.84
Moir's Ltd.:					
1st Mtge. S. F. Gold	6	1953	750,000	1.00	1.00

Pioneer and Patriot



FROM the vision and enterprise of one man — Gail Borden — sprang the amazing development of the modern dairy industry.

Gail Borden had the idea that milk, nature's perfect food, could be preserved in a pure state without adding foreign ingredients. In his experiments to perfect the process of evaporating milk he discovered that absolute cleanliness was the secret of success.

To this principle, applied not only to the evaporated milk process, but also to every stage in the handling of milk and the manufacture of all dairy products, is due the rise of the dairy industry. It has widened the dairy farmer's markets so that now milk constitutes the most important single agricultural product in Canada.

The Borden Company Ltd., employs directly 2,800 Canadians, besides buying milk from thousands of Canadian farmers and contributing substantially to employment in other Canadian enterprises which provide materials, equipment and services. Visitors to The Dairy World of Tomorrow at the New York World's Fair may see the scientific methods by which the Borden Company has earned its leading position in the dairy industry. The Company's motto is a promise of future leadership:

If it's Borden's it's got to be good

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..... offers you a market of unusual wealth — a big, rich, strong market with lots of money to spend on your advertised products.

Adapt your sales policy to this Dominion Government Chart.

BUDGET GROUP	Average French Family	Average British Family	Average Other Family
FOOD	$473.	$486.	$477.
HOUSING	250.	245.	273.
FUEL & LIGHT	77.	87.	71.
CLOTHING	190.	182.	184.
HOUSEHOLD FURNISHINGS	136.	99.	120.
HEALTH & PERSONAL CARE	84.	73.	70.
RECREATION	78.	80.	85.
MOTOR CAR	21.	53.	16.
EDUCATION & WELFARE	51.	47.	44.
SAVINGS	149.	135.	94.
OTHER TRANSPORTATION	30.	39.	37.
TOTAL	$1,539.	1,526.	1,471.

For further information consult your own advertising agency; the advertising manager, La Presse, Montreal.

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THE LARGEST DAILY CIRCULATION IN GREATER MONTREAL
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Millers Operate at Capacity

Domestic Business Reported Excellent But War Export Prospects Obscure

Canadian millers are enjoying good domestic business, while marking time to see what orders they can expect from Great Britain.

Existing conditions are the best for some time, and many plants are working at capacity.

With an excellent wheat crop in the Canadian West and a large carryover, millers are assured of an ample supply, and the price of wheat in view of wartime conditions is considered reasonable.

Lake of Woods

Lake of the Woods Milling Co.'s financial statement for the year ended Aug. 31, 1939, was the best reported in some years. Not only were earnings considerably higher, but loans were reduced to negligible proportions, arrears of dividend on the preferred stock were cleaned up; and working capital strengthened.

Currently the domestic business of the company is on a large scale, with some little delay in filling orders. Export trade, on the other hand, is of satisfactory volume, but there has been no large increase due to "war" orders. As a consequence of the better demand, due in part to stocking up by domestic consumers, prices have strengthened, netting the millers a better return.

Outlook for the company continues along favorable lines. Some let-up in domestic demand is a possibility, but no material falling off is anticipated. It is difficult to see how there will be any large movement this year on export account but the long-term view is more hopeful.

Directors — F. S. Meighen, pres.; Hugh MacKay, vice-pres.; C. H. G. Short, gen. mgr.; R. W. Reford, Walter Molson, P. F. Sise, J. W. Pyke; all of Montreal; I. Pitblado, G. W. Allan, Winnipeg; J. W. Hobbs, Toronto; J. H. Pillman, London, Eng.

Sec.—D. A. MacInnes.

Treas.—R. R. Hutchison.

International Milling

Annual financial statements of International Milling Co. for the year ended Aug. 31 will appear within a couple of weeks time.

While there has been no official indication as to what the report will show, it is expected that earnings will be more satisfactory than those of the previous year, when unfavorable conditions caused a substantial decline in earnings.

The company possesses a wide diversity of activities and is not so affected by current crop conditions and the export trade as the majority of milling concerns.

Head office of International Milling is at Minneapolis, Minn., and the company produces hard wheat flours, oatmeal, rolled oats, cornmeal, cornflour, feed for chickens, and other products, under the trade names, Robin Hood, Seal of Minnesota, Cinderella and Goldrim.

Although earnings in the year ended Aug. 31, 1938, were down to the lowest point since 1924, they were sufficient to cover preferred dividend requirements more than two-and-one-half times.

Earnings have been quite stable over a period of years because of the wide diversity of operations in Canada and the United States, and the company stands to gain because of the higher selling price for its products and the plentiful grain crop this year on the continent.

Activities in Canada are carried on through the Robin Hood Flour Mills Ltd., which was changed from a public to a private company in 1938.

The company is in an excellent position to take advantage of the improvement of the industry's position. Second preferred shares to the amount of $405,000 were redeemed Oct. 22, 1938, decreasing interest charges prior to common dividends.

Directors—F. A. Bean, pres.; J. R. Morris, vice-pres., Minneapolis; Charles Ritz, vice-pres., Montreal; J. J. Kovarik, vice-pres., Buffalo, N.Y.; J. M. Bruzek, vice-pres.; P. B. Hicks, vice-pres.; Atherton Bean, vice-pres.; F. V. Spoffard, sec.; H. F. Marsh, treas., Minneapolis.

Maple Leaf Milling

Maple Leaf Milling Co. in its year ended July 31 showed the best earnings since 1929. Substantial improvement was shown over the previous year and the liquid position of the company was considerably enhanced.

The better showing of operations was due to the better volume obtained in both domestic and export markets, D. C. MacLachlan, president, states in the annual report. He points out, however, that in other respects, certain conditions which prevailed during the year cannot be depended upon to continue in future years.

Since the outbreak of war there has been an increase in demand for flour and the Port Colborne mill is now operating at capacity. This plant is the largest in the British Empire.

Mr. MacLachlan states that it is difficult to predict the future demand for flour during the war, but feels that the company is in a much more advantageous position to take care of business as a result of the favorable showing of the past year.

Earnings in the fiscal year were equivalent to $4.28 a share on the 70-cent class A preferred, before taking into consideration participation features, and $1.32 on the common. This compares with a deficit of $1.87 and a deficit of 91 cents on the common.

On a participation basis net profit equalled $1.66 on the class A and 96 cents on the common.

The company's working capital position was largely improved, reflecting acquisition of $482,872 of insurance collected from the destruction of the Kenora mills by fire. Bank loans were reduced to $1.7 million from $2.9 millions.

Three new directors were elected to the company's board, C. E. Soward and K. F. Wadsworth, of Toronto, and George W. Stepan, of Montreal.

Maple Leaf Milling Co. is engaged directly and indirectly in the handling of grain and manufacture and distribution of flour, cereals, etc. It has a widespread interest in the banking business.

Directors—D. C. MacLachlan, pres. and gen. mgr.; E. Bristol, J. L. Henderson, A. C. Matthews, C. E. Soward, K. F. Wadsworth, Toronto; E. E. Buckerfield, Vancouver; H. E. Sellers, Winnipeg; G. W. Stepan, Montreal.

Sec.—G. H. Hand.

Ogilvie Flour Mills

Operating results of Ogilvie Flour Mills in the year ended Aug. 31 last were substantially better than in the previous year. However, no official information is available as to the level of earnings as the company's 1938-39 report is not available as yet.

Both export and domestic business improved. Expectations are that earnings will be as good, if not better, than in any recent year. Net profit in 1937-38 was equivalent to $1.09 a share as compared with $1.54 in 1936-37.

Over a period of years Ogilvie Flour has built up a large investment portfolio which makes an important contribution to earnings of the company. Investment income in 1937-38, including dividends from wholly-owned subsidiaries, amounted to $743,447.

Investments in bonds, shares and common stock, as well as wholly-owned subsidiaries, were carried in the balance sheet as at Aug. 31, 1938, at $4.8 millions. The market value, on the other hand, was $9.2 millions. Other investments are carried at $1.4 million.

It is not possible to make any estimate of investment income in 1938-39. This varies from year to year. Profit from the sale of securities dropped $180,000 in 1937-38, but this was offset by an increase in dividends from wholly-owned subsidiaries from $290,000 to $519,000.

Like other milling concerns, Ogilvie Flour Mills has recently experienced a strong domestic demand for its products. The export picture is somewhat obscure, although good business is expected ultimately.

Directors—J. W. McConnell, pres.; G. A. Morris, gen. mgr.; R. R. Dobell, Sir Montagu Allan, Sir Herbert S. Holt, E. B. Hosmer, Beaudry Leman; Montreal; F. K. Morrow, Toronto; S. T. Smith, Winnipeg.

Secretary—H. K. Hepburn.

Treas.—J. C. McLaughlin.

Asst. sec.-treas.—H. Cranfield.

Western mgr.—H. Sellers, Winnipeg.

St. Lawrence Flour

St. Lawrence Flour Mills statement for the year ended Aug. 31 showed net profits available for dividends of $161,558 with over $120,000 available for distribution on the common after preferred dividends. In the year before there was a net loss of $17,972 before either preferred or common dividends.

This company's business is largely of a domestic character. It is less influenced by the ups and downs of the export markets than the other large operators. Consequently it has enjoyed to the full the strong home demand for flour at higher prices. This is clearly reflected in the improved balance sheet position of the company at the end of last August.

Conditions in the domestic flour market continue favorable. Some falling off in sales is anticipated later on, but, on the whole, the outlook appears promising.

Directors—D. A. Campbell, pres.; T. Williamson, vice-pres. & man. dir.; C. E. Gravel, G. W. Grier, J. H. Labelle, J. J. McGill, C. H. Branchaud; Montreal.

Sec.—D. M. Wilson.

Treas.—J. P. Yeudall.

Western Canada Flour

Betterment in the position of the milling industry as a whole is expected to be reflected in much more satisfactory earnings for Western Canada Flour Mills Co. in the year ended July 31. The report will appear in the near future.

In addition to more satisfactory conditions in the company's operations, the Dominion Salt Co., a subsidiary, is likely to make a good contribution to the earnings of the parent company, because of better conditions in the salt industry. Purity Baking Co. is also expected to show a moderate improvement.

In midsummer of the current year, Western Canada Flour entered into an agreement with Maple Leaf Milling Co., whereby the company handled the milling requirements of Maple Leaf in that company's Northern Ontario, Manitoba and Eastern Saskatchewan.

The effect of this first move to rationalize the milling industry cannot but help aiding both companies and should be of particular benefit to Western Canada.

The company is engaged directly and indirectly in producing flour, cereals, poultry feeds and salt, and marketing these products under a variety of trade names. It owns country and terminal elevators and owns and operates, through subsidiaries, a number of bakeries.

Because of unsatisfactory operating results in the past few years no dividends have been paid on 6½% preferred shares since March 31, 1935, and arrears totalled $37.12½ a share at Sept. 1 this year.

Although earnings are expected to prove more satisfactory this year, it is believed that there is little likelihood of the resumption of dividends. It is thought that the company will wish to build up its liquid position before resuming payments.

Working capital position at the end of the last fiscal year totalled $247,507, compared with $700,441 at the end of the preceding year.

Directors—A. J. Mitchell, pres.; J. J. Page, gen. mgr.; J. H. Gundy, G. R. Cottrelle, all of Toronto; Hon. G. H. Barnard, R. H. B. Ker, Victoria, B.C.; J. A. Kilpatrick, Montreal; John Davidson, London, Eng.

Sec.—A. H. Denoon.

Treas.—J. S. Anderson.

Asst. gen. mgrs.—J. W. Horn and D. I. Walker.

Compt.—A. R. Mackenzie.

Flour Milling

Stocks:

	Outstand. $	Earned per Share 1938 $	Earned per Share 1937 $	Div. Rate $	Price Range —1938-39— High	Price Range —1938-39— Low	Last Price	Yield %
International Milling:								
1st Pref., par $100	5,816,000	*12.81	*28.56	5.00	107	98½	105	4.8
Common, n.p.v.	70,019 shs.	6.82	12.40	nil	...	...	...	...
*Years ended Aug 31.								
Lake of the Woods Milling:								
Pref. cum. non-red., par $100	1,500,000	*40.57	d19.74*	†7.00	128	100	123	5.7
Common, n.p.v.	147,689 sh.	3.41	d2.72	nil	26½	10	28¼	...
*Years ended Aug. 31. †On arrears, $3.50 paid June 1, 1939; $3.50 payable Nov. 1, 1939, wiping out arrears.								
Maple Leaf Milling:								
Class A pref., n.p.v.	91,997 sh.	†*4.28	†*1.87d	nil	10¼	2½	9½	...
Common, n.p.v.	250,100 sh.	†1.32	†d0.91	nil	6⅞	1	6⅜	...
Management, n.p.v.	3 sh.	..	...	...	...	...	...	...
*Years ended July 31, 1939 and 1938. †Before participation features.								
Ogilvie Flour Mills:								
Pref. cum. non-coll., par $100	2,000,000	*39.63	*53.11	7.00	170	145	150	4.7
Common, n.p.v.	600,000 sh.	1.09	1.54	1.00	35½	23	35½	2.8
*Years ended Aug. 31.								
St. Lawrence Flour Mills:								
Pref. 7% cum., par $100 ..	575,000	*28.10	*d3.13	7.00	140	111	115	6.1
Common, n.p.v.	36,000 sh.	3.37	d1.61	1+.50†	32	17	31	4.8
*Years ended Aug. 31, 1939 and 1938. †Bonus paid Oct. 2, 1939.								
Western Canada Flour Mills:								
Pref. cum. red., par $100 ..	2,413,000	d13.07*	3.01*	nil	54	15	45	...
Common, n.p.v.	135,000 sh.	d1.17	d0.62	nil	7½	2	6	...
*Years ended July 31.								

Bonds:

	Int. Rate %	Maturity	Outstand. $	Times Int. Earned After Deprec. 1938	Times Int. Earned After Deprec. 1937
International Milling:					
1st Mtge. S. F.	*4	1950	1,500,000	....	....
*Assumed on liquidation of Lake & Rail Warehouse & Elevator Corp., a former subsidiary.					
Lake of the Woods Milling:					
1st Mortgage	6	1941	†4,000,000	....	....
†Held by banks as collateral for loans.					
Maple Leaf Milling:					
1st Closed Mtge. S. F.	‡3	*1958	4,620,500	3.39	0.52
*Extended from 1949. ‡Rate changed to 3% from Dec. 1, 1938, to Dec. 1, 1943, thereafter at 5½%.					

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The reputation of Silverwood's Dairy Products is the end-result of years of striving for improvement in supply sources, methods of processing, refrigeration, packaging and delivery.

This Company has well over 100,000 customers. Their loyalty, based upon satisfaction, has built a great business for us.

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Milk
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Ice Cream
Buttermilk
Evaporated Milk
Cheese
Creamery Butter
Powdered Milk
Condensed Whole and Skim Milk
Buttermilk Powder
Eggs
Ice Cream Sundries
Dressed Poultry
Soda Fountain Supplies
Frozen Eggs

Silverwood

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Miscellaneous Food Stocks

Prices Are Firmer and Better Demand Expected

Commodity prices have increased since the outbreak of war and many companies in this group have found business more satisfactory.

An increase in purchasing power that is expected from a war-stimulated industry probably would mean keener demand for the manufactures and services of companies manufacturing food products.

Blue Ribbon

Sales and earnings of Blue Ribbon Corp. in the first two months of the current fiscal year showed improvement over the same two months last year, J. M. deC. O'Grady, president, told shareholders at the annual meeting.

In the year ended June 30, a substantial improvement in earnings was reported. Volume of business in Blue Ribbon lines was termed reasonably satisfactory by the company, but the confectionery business suffered from extreme competition and price cutting.

Net profit in the year amounted to $119,668, compared with $67,211 in the previous year. This is equivalent to earnings on the 5% preferred, of $50 par value, of $4.01 a share and $2.25, respectively. No dividends have been paid on the common shares since 1931.

Important changes in capital stock were made during the 1938-39 fiscal year.

Dividend rate was reduced on the preferred stock to 5% from 6½%. Arrears, which amounted to $8.75 a share at Nov. 1, 1938, were eliminated. A participation feature was added to the stock which gave the shares participation, share-for-share in any dividends payable on the common. The preferred received full voting rights.

An additional 10,000 preferred shares were created, ranking pari passu with the present modified preferred. They may be issued when it is deemed necessary by the company.

The company is a holding organization which through subsidiaries is engaged in the manufacture of a wide variety of foodstuffs. Pure Gold Manufacturing Co., Blue Ribbon Ltd. and Willard's Chocolates Ltd. are subsidiaries.

Minority interest in subsidiary showed a decline in the balance sheet to $61,550 from $129,002 during the past fiscal year.

Working capital increased slightly and inventories were higher. These were considered by the president as well purchased and likely to benefit the company.

Directors—J. M. de C. O'Grady, pres.; C. E. Spooner, vice-pres.; Toronto; J. Ball, asst. sec.; William Hood; Winnipeg; Lt.-Col. J. F. Michie, A. C. Matthews, F. T. Moore; Toronto.
Sec.-treas.—J. C. Jamieson.
Asst. sec.—W. K. Fraser.

Canada Starch

Canada Starch Co. manufactures corn starch, corn syrup and cooking oil, etc. The company reports that sales have recently turned sharply upward.

In 1938 sales were well maintained and net profit amounted to $233,568, compared with $247,811 for the previous year. Net earnings decreased to $471,438 from $476,518 and reserves for depreciation and income tax were increased.

Net profit was equal to $7.61 on the 7% non-cumulative preferred, and 32 cents on the common shares, of $5 par value, compared with $8.07 and 56 cents.

Dividends on the preferred have been paid regularly at 7% since 1928, but no dividends have been paid on the common since the initial payment of 50 cents on Dec. 27, 1937.

Directors—G. F. Benson, chm., Montreal; G. F. Benson, Jr., pres., Montreal; Hugh MacKay, vice-pres.; J. H. Hunter, cons. eng.; B. S. R. Watson, sec.-treas.; W. B. Blackader, E. B. Hosmer, Montreal; W. E. Dircks, W. L. Moran, New York.
Sales mgr.—W. A. Sadler.

Catelli Food

Catelli Food Products position has undergone a steady improvement over the past year, so much so that at present a fairly substantial programme of alterations and renovations is being carried out at the Montreal plant to take care of expanding business requirements.

Last year the company earned $1.51 a share on the preferred and 68 cents a share on the common. This compared with $1.28 and 46 cents a share, respectively, in the previous year. Dividends were paid on both classes of stock.

While no announcement has been made officially as to the trend of earnings this year, revenues will be as good, if not better, than they were in 1938.

Directors — Aimé Geoffrion, pres.; A. Bienvenu, vice-pres.; Paul Bienvenu, man. dir.; R. R. Dobell, W. W. Hutchinson, Alphonse Raymond, Henri Geoffrion, Montreal; J. Sirois, Quebec, P.Q.; I. Rader, Vancouver.
Sec.—Peirce Murphy.

Canada Vinegars

The company's financial year ends Nov. 30 and it will be issuing a statement shortly concerning operations during the year, The Financial Post is informed.

In a letter accompanying a dividend check in June it was stated that the company had experienced a very satisfactory operating period, with sales being maintained on an encouraging basis. This letter drew attention to the increase in excise tax on spirits, which it stated was over 120% more than previously paid. This will add to the sales problems of the company, but steps have been taken to offset as much as possible the increase, the letter announced.

In the year ended Nov. 30, 1938, sales declined and net profit decreased to $80,160, from $119,755 in the previous year. This was equivalent to 87 cents and $1.30, respectively, on the 92,000 common shares of no par value outstanding.

The company is the largest manufacturer of vinegar in Canada, owning 10 plants across the Dominion.

Dividends of $1.20 a share annually are being paid on the common stock, although it was apparently found necessary in 1938 to use surplus to make up the difference. This $1.20 payment has been comfortably paid in the majority of years since incorporation in 1928.

Working capital has shown little fluctuation during the past four years and at Nov. 30, 1938, totalled $244,017.

Directors—C. L. Carsley, Montreal, pres.; A. L. Spalding, vice-pres. and gen. man.; E. S. Scott, asst. gen. man.; P. L. Howell, sec.-treas.; W. E. Young, L. L. Carsley, Toronto; C. W. Batho, Montreal; E. A. Isard, Burlington, Ont.; E. L. Isard, Winnipeg; E. W. Howell, C. Fry, Norwich, Ont.

Honey Dew

Honey Dew Ltd. reported net loss of $1,665 before provision for income tax, in the nine months ended July 31. This compares with a net loss of $1,720 in the corresponding period of 1938.

In the fiscal year ended Oct. 31, 1938, sales declined 3.2% and earnings were lower. Net profit dropped to $10,891 from $26,334 in the previous year. Preference and common shareholders on May 2, 1939, approved a plan of reorganization to eliminate arrears on the preference stock. The arrangement provided that:

> Preference shareholders would receive new common stock on a share for share basis.
>
> Common shareholders received one new common share for 50 old common.
>
> New capitalization consists of 17,170 no par common shares outstanding, of which 15,000 are held by old preference shareholders and 2,170 by old common shareholders.

Honey Dew Ltd. operates a chain of restaurants and sandwich shops in the Dominion, principally in Ontario. Orange Crush Ltd. remains the largest shareholder by a wide margin, but does not hold sufficient shares for a clear majority.

Directors—E. P. Taylor, pres.; W. G. Lumbers, vice-pres.; H. L. Walker, vice-pres. & gen. mgr.; R. G. McMullenn, sec.; D. W. Smart, J. A. Gairdner, Toronto; A. R. Kaufman, Kitchener, Ont.
Treas.—H. N. Arnold.

Muirheads

Annual financial report of Muirheads Cafeterias Ltd. is expected to appear shortly. No indication has been given by the company what its earnings have been during the year ended Feb. 28, 1939.

The company operates three restaurants in Toronto, with a combined seating capacity of approximately 700. One of the stores is completely self-serve; one is operated on the all-service plan, and another is a combination of both methods of serving the public.

In recent years operating results have not been satisfactory, net losses having been shown in all of the past six fiscal years. In consequence no dividends have been paid on the 7½% preference shares, of $10 par value since July 1, 1932, and arrears at July 1, 1939, amounted to $5.25 a share.

In the year ended Feb. 28, 1938, the company continued to reduce its preference shares outstanding and 400 shares were redeemed during that period. Outstanding at Feb. 28, 1938, were $51,220 of the preference stock and 78,710 shares of no par common.

Directors — H. A. Greene, pres.; H. M. Millar, sec.-treas.; E. G. McMillan, Stuart Playfair, J. M. Rutherford, Toronto.

Willard's

Willard's Chocolates Ltd. is controlled by Blue Ribbon Corp., though the ownership of about 98% of the common stock and nearly the entire issue of preferred. There is a small public interest and the company issues annual reports only to the few shareholders.

The company manufactures all classes of chocolate products and confectionery.

Directors—Clarence E. Spooner, J. M. de C. O'Grady, J. C. Jamieson, F. G. Arnold, W. G. Henry, all of Toronto.

National Biscuit

National Biscuit & Confection Co., Vancouver, manufactures and distributes plain and fancy biscuits and confectionery.

Capital structure of the company is relatively small, consisting of 589 shares of 7% non-cumulative $100 par preferred stock outstanding, and 250 shares of $100 par value. There were $166,000 of 6½% first mortgage bonds outstanding at Dec. 31, 1938, of which $62,000 was held by trustee for sinking fund.

Net profit for 1938 was $7,578; $6,418 in 1937, and $8,904 in 1936. Assets at the end of 1938 totalled $352,059. Current assets amounted to $83,597, and current liabilities, $48,523.

Directors—L. H. Nicholson, pres. and man. dir.; H. S. Wilders, vice-pres.; Arnold Shiell, sec.-treas.; A. R. Fanning, T. G. Beattie, M. N. Young, Vancouver.

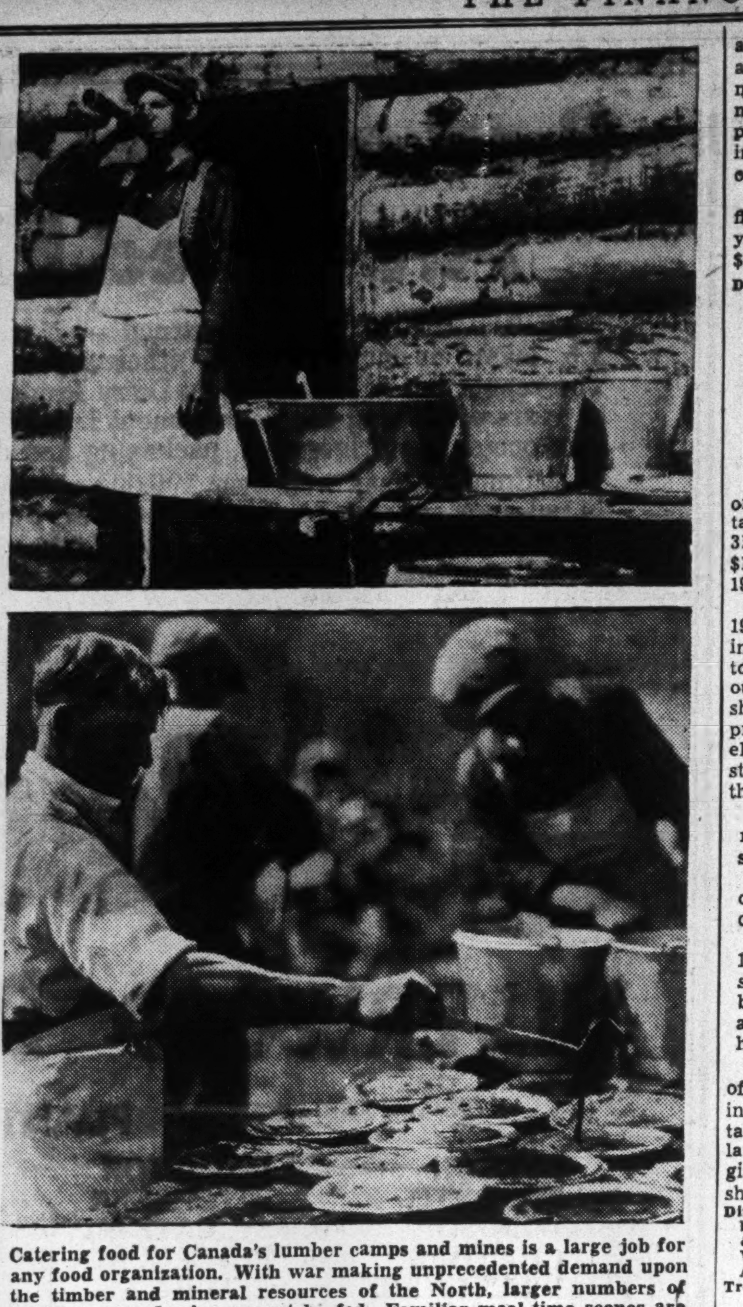
Miscellaneous

Stocks:

	Outstand. $	Earned per Share 1938 $	Earned per Share 1937 $	Div. Rate $	Price Range —1938-39— High	Price Range —1938-39— Low	Last Price	Yield %
Blue Ribbon:								
Pref. cum. red., par $50 ..	1,492,500	*4.01	*2.25	2.50	35⅛	25	34½	7.2
Common, n.p.v.	63,475 sh.	0.71	d0.47	nil	5	3	4¾	...
*For years ended June 30, 1939 and 1938.								
Canada Starch:								
Pref. non-cum., par $100 ..	3,069,100	7.61	8.07	7.00	109	105	109	6.4
Common, par $5	59,325 sh.	0.32	0.56	nil	7⅛	6	6	...
Catelli Food Products:								
Pref. cum. red., par $15 ..	600,000	1.52	1.28	0.75	13	7	13	5.8
Common, n.p.v.	45,902 sh.	0.67	0.46	0.50	12	3	11⅛	4.3
Canada Vinegars:								
Common, n.p.v.	92,000 sh.	0.87	1.30	1.20	18	10	11¼	10.6
Honey Dew:								
Common, n.p.v.	17,170 sh.	...	...	nil	11	9	10	...
Muirheads Cafeterias:								
Pref. cum. S. F. red., par $10	51,220	*d2.77	*d2.38	nil	4	2¾	...	...
Common, n.p.v.	78,710 sh.	d0.23	d0.22	nil	0.50	0.10	0.10	...
*Years ended Feb. 28.								
Willard's Chocolates:								
Pref. 6½% cum., par $100	474,000	*7.02	†8.76	nil	...	...	...	...
Common, n.p.v.	15,001 sh.	0.16	d0.31	nil	...	...	...	...
*Years ended June 30, 1938. †18 months ended June 30, 1937.								
National Biscuit & Confection:								
Pref. 7% non-cum., par $100	58,900	...	...	*	...	...	...	...
Common, par $100	25,000	...	...	*	...	...	...	...
*7% on preferred and common paid for years 1938 and 1937.								

Bonds:

	Int. Rate %	Maturity	Outstand. $	Times Int. Earned After Deprec. 1938	Times Int. Earned After Deprec. 1937
National Biscuit & Confection:					
1st Mortgage	6½	1950	*160,000	Not available	
*$62,000 held by trustee for sinking fund.					



Catering food for Canada's lumber camps and mines is a large job for any food organization. With war making unprecedented demand upon the timber and mineral resources of the North, larger numbers of lumbermen and miners must be fed. Familiar meal-time scenes are depicted here. The cook-house trumpets the welcome news and the men answer.

Baking Companies

(Continued from page 14)

GEO. WESTON (Continued)

1937. Earnings on the George Weston 5% preferred stock were $30.92 in 1938, compared with $28.61 in 1937. The common stock earned $1.12 a share in 1938 and $1.02 in 1937. In the first half of the present year the common stock earned 50 cents a share, against 41 cents in the same half year of 1937.

Dividends have been paid on the preferred stock at contractual rate and dividends are being made on the common stock at the rate of 80 cents annually. Authorized capitalization of the common stock was increased in 1938 to 600,000 from 500,000 no par shares.

Working capital was reduced during 1938 to $1.2 million, from $1.5 million. Bank loans increased to $402,158 from $284,000 and cash was lower at $143,234, against $270,753. Purchase of Inter City Western Bakeries Ltd. required $629,988, but part of this was financed by the private sale of $225,000 of 4½% first mortgage serial bonds of Weston's Bread and Cake Ltd., formed to operate the company's newly acquired western subsidiaries.

Directors—J. A. Gairdner, chm., Toronto; W. G. Weston, pres., Marlow, Eng.; F. W. St. Lawrence, vice-pres. & man. dir., Toronto; R. E. Watson, vice-pres., Passaic, N.J.; R. A. Robertson, sec.-treas.; E. R. Taylor; Toronto; H. C. Beach, Battle Creek, Mich.
Asst. sec.-treas.—W. H. Kemp.

David & Frere

Operations of David & Frere Ltd., biscuit and candy manufacturers, have shown marked improvement this year over 1938. Sales for the first eight months of the year were 12% higher than in the same period last year.

Earnings have also increased sharply and the company has already paid dividends on its class A stock equal to total disbursements in 1938. It is too early to make an accurate forecast of earnings, but net profit will be higher than the $40,177 earned in 1938 .

In recent years there has been steady improvement in earnings and the financial position of the company. Working capital at the end of 1938 amounted to $185,169 as compared with $157,340 in the previous year.

Directors—de Gaspé Beaubien, pres.; F. A. Béique, vice-pres.; L. R. Philie, gen. mgr. and sec.-treas.; G. O. Soucie, Emilien Gadbois; Montreal.

Viau Ltd.

Business of Viau Ltd., biscuits and confectionery manufacturers, has been slightly better this year than in 1938. Results in the year ended Jan. 31, 1939, were not materially different from the previous year. Gross earnings totalled $462,167, against 457,379 in 1937-38. Net profit was equivalent to 44 cents a share on the common stock as compared with 35 cents in the previous year.

Working capital increased from $461,312 to $485,363 in 1938-39. Cash increased from $92,380 to $143,533, while current liabilities were reduced from $75,661 to $56,508.

Operating position of the company has been improved through modernization of plant facilities.

Preferred dividends are being paid regularly. No dividends have been paid on the common stock .

Directors—Albert Hudon, chm.; J. E. Labelle, pres.; J. A. Lemieux, vice-pres.; Roger Viau, C. E. Geoffrion, Guy Perron; Montreal.
Sec.-treas.—Alfred Robitaille.

Moirs Ltd.

Moirs Ltd., confectionery manufacturers of Halifax, should produce a better financial statement for 1939 than was the case in 1938. While difficult to appraise the Christmas demand at this time, the company is in a position to benefit because of the fact that its raw materials were purchased earlier in the year. This does not mean that the company will raise prices on its standard products, but assures protection against the advances reported in the cost of materials during the past few weeks.

For the first half of the year operations were fairly satisfactory. The bakery division, which accounts for about 15% of the total volume of business, was not very productive owing to a bread price war in the Halifax area. That situation has since been straightened away.

What the company will do for the year as a whole depends, as already mentioned, on the extent of the Christmas trade. At this stage prospects are encouraging.

Directors—J. C. MacKeen, pres.; W. K. McKean, vice-pres.; W. B. Proctor, man. dir.; Hon. J. Fred Fraser, C. W. Stairs, D. R. Turnbull, Halifax, N.S.
Sec.-treas.—Thomas Hood.

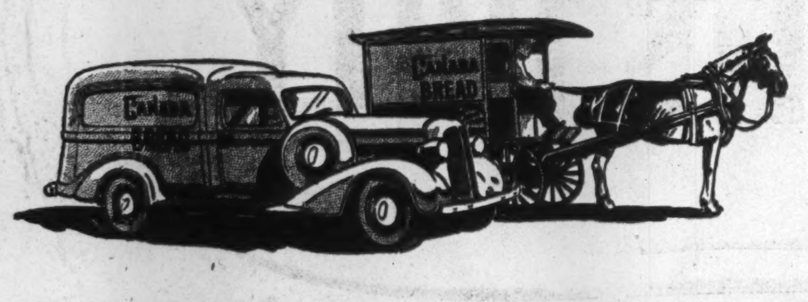
Brazil Destroys Coffee

Brazil has continued to destroy its surplus crop of coffee, informed sources in the U. S. state. The New York coffee exchange was informed by cable from Brazil on Sept. 1 that this practice had been discontinued, but it was subsequently reported that 105,000 bags of this commodity was destroyed in the first half of Sept.

Butter Production Down From Year Ago

All provinces of Canada showed a decrease in butter production during August. Creamery butter for the Dominion amounted to 33.8 million lb., compared with 35.2 million lb. for the same month last year. This marks a decrease of 3.8%. Production for eight months to the end of August was 185.9 million lb., against 187.3 million lb. for the same period last year, a decrease of 0.7%.

Burns' FIVE
5 POINT HAM
1 TASTY
2 TENDER
3 JUICY
4 MILD
5 SWEET
BONELESS
BONE-IN
DELICIOUSLY TENDER
Baked, Broiled or Fried
Now Canada's Favorite



What CANADA BREAD means to the people of Canada

BESIDES quality bread and cakes, delicious rolls, pies and biscuits Canada Bread means a number of other things to the people of Canada.

To 1,870 people Canada Bread means happy, profitable employment or, to a total of 8,000 people, Canada Bread means support.

To every employee Canada Bread means more than mere employment. It means employment and holidays with pay — life, accident and sickness insurance.

To the workers in automotive plants Canada Bread means the employment necessary to make and maintain 322 motor vehicles.

To the Canadian farmer Canada Bread means the sale of one and one-half million bushels of wheat and over one million pounds of milk products.

To the lumber industry Canada Bread means revenue from the purchase of approximately half a million dollars worth of wax paper, cellophane and other wrappings.

To Canadians generally, Canada Bread means the circulation of money resulting from purchases amounting to $3,753,000.00 annually.

CANADA BREAD
COMPANY LIMITED
"The QUALITY Goes in Before the NAME Goes On."

Lantic Sugar
THE SEAL OF PURITY

PURE CANE
•
GRANULATED ICING
YELLOW POWDERED
TEA CUBES
•
ATLANTIC SUGAR REFINERIES LIMITED
SAINT JOHN, N.B. MONTREAL, P.Q.

See Prospects Improving for Dairies in Canada

Better Prices Improve Earning Prospects for Next Year's Sales

Prices of fluid milk, being quite largely controlled, distributors are dependent upon the level at which they will be maintained before they can have any idea of how operations will be affected by war.

Prices for butter and cheese have been increased in the past few weeks, and this will have the indirect effect of bringing prices of fluid milk up. In the past year low prices for butter have hit companies' earnings. This appears now to have been corrected.

There are factors which offset to some extent the advantages gained, such as higher prices for materials and labor costs.

The numerous difficulties that beset the industry still make the distribution of milk one of the exacting divisions of the food industry.

The Borden Co.

The Borden Co. operates in Canada through The Borden Co. Ltd., a wholly-owned subsidiary. The latter company is a holding and operating organization, which is engaged in the distribution of milk products throughout the Dominion. An export trade is also conducted.

Borden Co.'s activities are conducted in the U. S. through widely diversified subsidiaries.

At the present time dividends are being paid at the rate of 30 cents a share quarterly, which will mean that payments for the year will probably total $1.20.

Directors—T. G. Montague, pres.; G. M. Waugh, Jr., chm. of board and vice-pres.; C. E. Beardslee, vice-pres.; R. V. Jones, vice-pres.; H. W. Comfort, vice-pres.; New York; G. G. Thompson, vice-pres., Toronto; Hon. C. C. Ballantyne, Napoleon Charest, Hon. Donat Raymond, Montreal; G. C. Edwards, Ottawa; Hon. S. C. Mewburn, Hamilton; M. D. Warner, Britton Osler, Toronto; H. H. Walker, Detroit, Mich.; A. W. Ramsdell, New York.

Treas.—E. L. Noetzel, New York.

Sec.—W. H. Rebman, New York.

Asst. treas.—Geo. Bittner, H. K. Kramer, New York.

Asst. sec.—T. D. Waibel, New York.

Carnation Co.

Carnation Co. is engaged in the manufacturing and distributing in the United States and Canada of a wide range of milk products, cereals and commercial feeds. Its principal product, irradiated evaporated milk is claimed to be one of the best selling brands in the world.

The company redeemed on Oct. 1, 1939, 5,000 of its 5% first preferred shares, of $100 par value, reducing outstanding preferred to 29,984 shares. There was at Dec. 31, 1938, 609,588 no par common shares in the hands of the public and $400,000 of serial notes payable.

The company reported that in 1938 its tonnage volume increased over the previous year, but because of lower price levels, net sales of all products showed a decline. Net profit, however, was equivalent to $2.91 on the common shares, compared with $2.65 in 1937.

Dividends are paid on the common stock on a regular $1 yearly basis. Extras of 50 cents a share were paid in 1938 and 1937.

Directors—E. A. Stuart, chm., Los Angeles; E. H. Stuart, pres. & treas.; P. G. Kinzer, J. F. Douglas, A. M. Ghormley, vice-pres's., Milwaukee, Wis.; W. C. Cross, vice-pres.; J. S. Wilkinson; Oconomowoc, Wis.; R. H. Fullerton, New York; Walter Kasten, Milwaukee.

Asst. vice-pres. and asst. treas. — W. N. MacBriar.

Sec.—E. S. Hartwick.

Dairy Corp.

After protracted negotiations toward reorganization of Dairy Corporation's capital structure a plan was approved at a special meeting of the bondholders on Sept. 29, 1939.

Under terms of the plan adopted debenture holders received $50 par value of 5% preferred stock and 10 shares of new common stock for each $100 of debentures. A and B stockholders received one share of new common for each 10 shares of old stock.

New capitalization consists of $357,800 of 5% first preference redeemable shares, of $50 par value, and 100,000 no par common shares. Of the 84,405 common shares issued, 71,560 are to be held by debenture holders and 12,845 by A and B shareholders.

Preference shares are to receive dividends to the extent earned up to 5%, to Oct. 1, 1944. Dividends earned but unpaid to this date become cumulative. Dividends are cumulative at 5% from Oct. 1, 1944, plus an amount equal to one fifth surplus profits accrued and owing to Oct. 1, 1944.

At a meeting of the 6%, 20-year sinking fund debenture holders on Aug. 15, sale was approved of Dairy Corp.'s subsidiary, Canada Dairies Ltd. to J. B. Robinson for $12,400 and return of a $5,000 deposit paid under a former option to John D. Reilly.

The company was able to reduce its net loss in the year ended March 31, 1939, despite lower sales.

Directors—J. A. Caulder, pres. and man. dir.; R. A. Daly, vice-pres.; W. P. Fess, H. G. Stapells, W. S. Sewell; Toronto.

Edmonton Dairy

Edmonton City Dairy, controlled by Dairy Corp., distributes dairy products in Edmonton and Northern Alberta.

Earnings in the past five years have fallen short of dividend requirements on the 6½% preference stock and payments have been made at the reduced rate of 5% annually since the quarterly payment of $1.25 on Jan. 2, 1937. Arrears at July 1, 1939, were $4.12½ a share. In the year ended March 31, 1939, net profit was equivalent to $4.98 on the preferred stock, against $4.70 in the previous year.

Directors—W. W. Prevey, pres. and gen. mgr., Edmonton; J. A. Caulder, vice-pres., Toronto; F. J. Reynolds, asst. gen. mgr. & sec.; H. P. Madsen, W. A. Thomson, H. M. E. Evans; Edmonton; Chas. Burnell, North Edmonton.

Office mgr. and treas.—F. Bottomley.

Acme Farmers

Acme Farmers Dairy Ltd., controlled by Eastern Dairies Ltd., sells various dairy products in Toronto, including milk, cream, butter, buttermilk, cheese, ice cream, condensed milk, eggs, etc.

Operating profit of the organization in the year ended March 31, 1939, increased nearly $6,000, but increased provision for depreciation raised net loss to $69,392 from $61,940. In the past four years net losses have been shown by the company.

Directors — W. R. Aird, pres., Toronto; Hon. George S. Henry, vice-pres., Todmorden, Ont.; J. G. Cornell, Scarboro, Ont.; D. H. McDougall, Toronto.

Gen. mgr. and sec.-treas.—E. W. King.

Crescent Creamery

Crescent Creamery Co., subsidiary of Eastern Dairies Ltd., operates the oldest and largest general dairy business in Manitoba. Eastern Dairies owns all of the 50,000 common shares authorized and outstanding. There is $1 million 7% preferred shares in the hands of the public.

Losses have been sustained on operations in the past six years since statements have been published and in the year ended March 31, 1939, a net loss of $53,345 was shown, compared with a loss of $72,707 in the preceding year. Surplus has been steadily reduced and at March 31, 1939, totalled $40,975. A capital surplus of $253,026 was shown in the balance sheet.

No dividend has been paid on the preferred since $1 was paid April 16, 1934.

Directors—W. R. Aird, pres., Montreal; Herbert Sellers, C. C. Wardrope, J. E. Woods, vice-pres.; R. D. Guy, A. E. Johnston, S. N. Jones, Winnipeg; E. W. King, Toronto.

Gen. mgr.—C. W. Johnson.

Sec.-treas.—C. V. Thompson.

Eastern Dairies

Eastern Dairies experienced a general improvement in its business during the first quarter ended June 30. Milk and cream sales were 3% higher than in the like period last year. Barring unforeseen developments, said W. R. Aird, president, business for the year ended March 31 next should show an improvement over the 1938-1939 year.

Since this statement was issued war conditions have developed. The market for butter has moved forward several cents a pound, a condition which considerably strengthens the position of Eastern Dairies. The price paid to the producer for raw milk also has advanced, but, generally speaking, the position of the dairies is stronger than it was a year ago.

During the 1939 fiscal year operating profits of Eastern Dairies dropped to $245,460 from $317,605 the year before. The balance sheet reflected numerous changes. Goodwill, bond discount and expenses, commission on preferred shares and organization expenses, shown in previous years as assets on the balance sheet, were charged to capital deficit, which is shown at $2.5 millions. The changes had the effect of writing down the company's investments in its subsidiaries to its equity in the tangible assets of those companies.

Directors—W. R. Aird, pres. & man. dir.; P. A. Thomson, vice-pres.; C. B. Price, A. J. Nesbitt, Montreal; E. W. King, Toronto.

Sec.-treas.—C. V. Thompson.

Quinte Milk Products

Quinte Milk Products Ltd., with head office and plant at Wellington, Ont., manufactures and sells a wide variety of milk products, including

(Continued on page 19)

—Canada Packers' photo.

Modern merchandising methods demand that bacon be sliced to the prescribed thickness and packed in attractive wrapping. Here is the machine that cuts bacon which makes the neighborhood butcher's small machine an extremely slow operation.

Dairy Products

Stocks:

	Outstand. $	Earned per Share 1938 $	Earned per Share 1937 $	Div. Rate $	Price Range —1938-39— High	Low	Last Price	Yield %
Borden Co., Ltd. (wholly owned by the Borden Co.):								
Common, par $100	*40,000 sh.	Not avail.		...	...	...	...	...
*All owned by parent company, except directors' qualifying shares.								
Carnation Co.:								
1st pref., par $100	3,825,700	51.46	46.55	5.00	108	98½	106	4.7
Common, n.p.v.	*609,588 sh.	2.91	2.65	1.50	...	...	...	...
*Not including 18,418 shares issued and held in the treasury.								
Dairy Corporation of Canada:								
1st pfd. red., par $50	*375,800	...	...	...	...	...	...	...
Common, n.p.v.	*100,000 sh.	...	...	...	...	...	...	...
*New capitalization authorized. Of the 100,000 common shares, 84,405 shares will be issued, 71,500 to the debenture holders and 12,845 to the class A and B shareholders.								
Edmonton City Dairy (Controlled by Dairy Corp.):								
Pfd. 6½% cum., par $100	770,300	*4.98	*4.70	5.00	...	...	...	...
Common, n.p.v.	30,000 sh.	d0.39	d0.46	nil	...	...	...	...
29,474 common shares and 5,252 preferred owned by Dairy Corp.								
*For years ended Mar. 31, 1939 and 1938.								
City Dairy (Controlled by Dairy Corp. of Canada):								
Common, n.p.v.	*30,000 sh.	Not avail.		nil	...	...	...	...
*All owned by Dairy Corp.								
Eastern Dairies:								
7% pref. cum., par $100	2,500,000	*d5.04	*d2.42	nil	8	2	5½	...
Common, n.p.v.	99,020 sh.	d4.57	d3.56	nil	1.50	.45	1.00	...
*Years ended Mar. 31, 1939 and 1938.								
Acme Farmers Dairy (Controlled by Eastern Dairies):								
Pref. 7%, par $100	700,000	*d9.91	*d8.85	nil	...	...	...	...
Common, n.p.v.	83,420 sh.	...	...	nil	...	...	...	...
All common stock owned by Eastern Dairies, with exception of directors' shares.								
*For years ended Mar. 31, 1939 and 1938.								
Crescent Creamery (Subsidiary of Eastern Dairies):								
Pref. 7% cum., par $100	1,000,000	d5.33	d7.27	nil	20	8	10	...
Common, n.p.v.	50,000 sh.	...	...	nil	...	...	...	...
Common stock all owned by parent company.								
Quinte Milk Products:								
Common, n.p.v.	36,000 sh.	0.24	0.11	*0.07½	..	...	...	...
Option to Oct. 31, 1939, held by officers of company to purchase up to 3,500 shares at $2.25 per share *Paid Feb. 1, 1939.								
Silverwood Dairies:								
Pref. cum. part., n.p.v.	144,095 sh.	*0.41	†0.61	0.40	6	1¾	6	6.7
Common, n.p.v.	173,891 sh.	0.01	0.17	nil	4¼	½	4¼	...
*For years ended Mar 31, 1939; †Apr. 2, 1938.								
United Dairies:								
Pref. 5% cum., par $100	400,000	Not avail.		nil	...	...	...	...
Common, n.p.v.	50,000 sh.			nil	...	...	...	...
Toronto Dairies:								
Pref. 7% cum., par $10	103,000	Not avail.		nil	...	...	...	...
Common, n.p.v.	50,000 sh.			nil	...	...	...	...
Highland Dairy:								
Pref. 5%, par $100	154,000	Not avail.		*5.00	...	...	...	...
Common, n.p.v.	19,534 sh.			nil	...	...	...	...
*$1.50 paid on arrears on July 3, 1939.								

Bonds:

	Int. Rate %	Maturity	Outstand. $	Times Int. Earned After Deprec. 1938	1937
Carnation Co.:					
Serial Notes	.	1943	400,000	....	....
Dairy Corporation of Canada:					
S. F. Debentures	6	1954	*658,600	†0.47	†0.22
*$484,400 pledged as security for bank loans; $57,000 held by subsidiaries. †Fixed charges, years ended Mar. 31, 1939 and 1938.					
City Dairy (Controlled by Dairy Corp. of Canada):					
Prior Serial Mtge.	5	1939-41	60,000	Not available	
1st Mtge. S. F.	5	1956	408,200		
Gen. Mortgage	6	1956	107,175		
Eastern Dairies:					
1st Coll. Tr. Conv. A	6	1949	2,604,500	nil	0.47
Acme Farmers Dairy (Controlled by Eastern Dairies):					
Debenture Notes	7	1940	*700,000	....	....
*All held as collateral for parent company's funded debt.					
Silverwood Dairies:					
1st Closed & Ref. Ser. Mtge. A	5	1939-51	1,000,000	†4.19	†4.49
Reg. S. F. Debs.	6	1966	1,450,000	1.82	2.21
†Interest on bonds and old debentures.					
United Dairies:					
1st Mortgage	5¼	1958	698,200	Not available	

CONFIDENCE

The Royal Crown is held as a symbol of Confidence among all peoples of the British Empire. It is more than just a coincidence that this symbolic Crown, which is the distinguishing trade-mark of a great Energy Food, is accepted with confidence by the people of Canada, as a warrant of unusual merit.

It is the privilege of but a few products to use the Royal Crown . . . none better deserves that privilege than "CROWN BRAND" CORN SYRUP . . . which retains the confidence of doctors, dietitians, nurses and mothers throughout this Dominion . . . year after year.

"CROWN BRAND" CORN SYRUP is the most flavorful and delicious of all table syrups . . . a recognized source of "Dextrose," a vital food element which everyone needs for Energy and stamina.

EDWARDSBURG
CROWN BRAND
CORN SYRUP

A product of
The CANADA STARCH COMPANY Limited

also manufacturers of

LILY WHITE CORN SYRUP
KARO - - MAZOLA
BENSON'S CORN STARCH
CANADA CORN STARCH
Silver Gloss Laundry Starch
Linit Laundry Starch

and other famous products

In Peace and Emergency
DOMINION DOES ITS DUTY

When the crisis came, 421 units of Dominion Stores Limited from the Soo to Sydney, N.S., stood on guard on the home front. Their job — to maintain well-regulated food distribution while official wartime machinery was being organized. To keep vital necessities in supply for all customers. To assist by maintaining food prices at fair levels.

As a result, thousands of Canadian citizens today have a new appreciation of the "Dominion" serving their community. Combining foresight, resources, and effective organization, this great chain of stores serves Canada as an essential unit in well-ordered food distribution — as a stabilizing factor in the stresses of wartime.

DOMINION
STORES LIMITED

Meeting Today's Needs

Increasingly popular because of their compact food value.

"HIAWATHA" Brand

Dehydrated Apples
Canned String Beans
Canned Apples, Pears, Plums

Also Manufacturers of Pure Apple Cider and Cider Vinegar and Exporters of Apples and Potatoes

UNITED FRUIT COMPANIES
OF NOVA SCOTIA, LIMITED
• KENTVILLE, CANADA •

Obtainable from Coast to Coast

BLUE RIBBON COFFEE
Blue Ribbon Tea RED LABEL
BLUE RIBBON BAKING POWDER

Quality Products Moderately Priced

BLUE RIBBON LTD.
Winnipeg, Vancouver, Edmonton, Calgary
PURE GOLD MFG. CO.
Toronto

"NATIONAL" SERVICE
Essential to more than 12,000 Independent Retailers

●

Largest wholesale food distributors in the British Empire — National Grocers Company Limited continues to provide a vital service to more than 12,000 independent retailers — a service which plays a most important part in stabilizing the structure of Ontario's great food industry.

With 32 warehouses strategically located throughout the Province — a constant inventory of more than 4,000 different commodities — this vast organization's system of prompt and speedy deliveries equips these merchants — no matter where located — to meet competition on equal terms, and helps them to serve their customers with the world's finest products at the lowest prices consistent with high quality.

NATIONAL GROCERS
COMPANY LIMITED
AN ENTIRELY CANADIAN INSTITUTION
Head Office: 21 Front Street East, Toronto

BOARD OF DIRECTORS
Archie Foster, President and Chairman of the Board; M. D. Lemon, Vice-president; T. H. Kinnear, Secretary-treasurer; D. Blain; Hon. George Gordon; W. H. Kenny; A. J. Major; W. G. McLauchlan; T. J. Medland; J. H. Simpson; A. Marland Woolnough.
H. L. McNally, General Manager.

Canners and Meat Packers

Companies engaged in meat packing and fruit and vegetable processing find themselves in a greatly improved situation from that of last year.

While the situation has not been clarified for meat packers, it appears almost certain that a demand has been created for bacon in Great Britain that will keep the industry operating at capacity. Even in peacetime the industry was unable to supply the British quota.

Higher prices for by-products will improve earnings. Shortage of hogs for processing will be overcome to some extent in the coming year.

Canners without wartime conditions held promise of a more satisfactory year. Packs of many important fruits and vegetables had been curtailed to correct overproduction that had existed in previous year.

With war demand canners are assured of an eager market for canned goods.

B. C. Packers

Earnings of British Packers in the current year are expected to be on about the same level as those of the year ended April 30, 1939, The Financial Post is informed.

In a move to bring the company's accounts into harmony with the seasonal nature of its business, its financial year was advanced to April 30 from Dec. 31 this year. Accounts therefore, reflect an extra four months' operations, during which time additional expense of that period was absorbed.

During the period covered by the last annual report the company entered into the canned fruit business, in which it had not hitherto been engaged.

Another new product was included in the company's lines this fall. Two converted halibut vessels were commissioned as tuna trawlers and this product will now be processed.

Because of the existence of a state of war in Europe the company appears certain of a heavy demand for its products.

Directors—H. R. MacMillan, pres.; Stanley Burke, vice-pres.; F. E. Burke, George Kidd, J. P. D. Malkin, W. J. VanDusen, A. C. Taylor, Gordon Farrell, Vancouver, A. H. Williamson; London, Eng.; J. H. Gundy, J. S. McLean; Toronto; J. M. Buchanan, gen. mgr.; J. H. Copeman, Montreal; Dr. H. Spohn, Vancouver.
Asst. gen. mgr.—S. K. Murray.
Sec.-treas.—G. M. Ferguson.

Burns & Co.

While earnings of Burns & Co. were down substantially in the six months ended June 30 marked improvement has been noted in the the latter part of August and September.

Because of a serious shortage of hogs for slaughter the company's plants have been operated for the past two years at drastically curtailed capacity.

In 1938 and the current year the situation has been rapidly remedied, until it is expected in 1940 that hog production in the West will be boosted 25%.

Even at this figure it would appear almost certain that output will fall far short of the demand for bacon in Great Britain. In peacetime Canadian exporters were unable to fill the bacon quota.

In the present year the company has an extra expense to meet. On Jan. 1, 1939, interest on the income portion of the 5% first mortgage bonds became obligatory. Sinking fund will commence Jan. 1, 1940. Of $6,668,300 of 5% bonds, issued under the reorganization arrangement in 1934, $3,358,450 of the bonds carried obligatory interest, and $3,309,850 carried non-cumulative interest at 5% to extent of 75% of available income to Dec. 31, 1938. The latter portion is now obligatory.

In 1938 the difficulties mentioned before in obtaining hogs were felt in full and earnings were the second lowest in the company's history. Mandatory bond interest was paid, but no payment was made on the income bonds for the year. Interest on the funded debt was not earned after depreciation allowance, compared with 2.23 times in 1937.

Directors—John Burns, pres. and chm.; A. C. Newton, vice-pres.; R. S. Munn, gen. mgr.; J. I. McFarland, W. Toole, M. M. Porter, Calgary; Col. A. M. Brown, Vancouver; W. S. Hodgens, Toronto; A. E. Pequegnat, Waterloo; H. R. Milner, Edmonton.
Sec.—J. H. Kelly.
Treas.—W. C. Stemp.

Meat Packing & Canning

Stocks:

	Outstand. $	Earned per Share 1938 $	Earned per Share 1937 $	Div. Rate $	Price Range —1938-39— High	Price Range —1938-39— Low	Last Price	Yield %
British Columbia Packers:								
Com., n.p.v.	136,279 sh.	*0.97	0.47	nil	18¼	9	15½	...
*16 months period to Apr. 30, 1939.								
Burns & Co.:								
Cl. A pref., non-cum., n.p.v.	33,584½ sh.	d11.00	0.83	nil	...	...	...	...
Cl. B, n.p.v.	109,554 sh.	...	...	...	...	...	...	...
Management, n.p.v.	5 sh.	...	...	...	...	...	...	...
Canada Packers:								
Com., n.p.v.	200,000 sh.	*6.19	*5.50	†3.00	99	58	99	4
*Year ended Mar. 30, 1939. and Mar. 31, 1938. †In addition a bonus of $1 paid July 3, 1939.								
Canadian Canners:								
1st pref., par $20	190,877½ sh.	1.35	3.79	1.00	19½	15½	19	5.3
2nd pref. con., n.p.v.	363,732 sh.	0.18	1.46	0.60	12	6	11⅞	5
Common, n.p.v.	137,784 sh.	d1.10	0.97	nil	8½	2¾	8½	...
Connors Bros.:								
Cl. A, n.p.v.	61,740 sh.	Not avail.		0.50	...	...	...	...
Cl. B, n.p.v.	4,410 sh.			0.50	...	...	...	...
Maritime-National Fish (1937):								
6% pref. cum., par $100	485,000	Not avail.		6.00	...	...	...	...
Common, n.p.v.	50,000 sh.			...	...	...	...	...
Wilsil:								
Common, n.p.v.	135,700 sh.	1.71	...	1.00	23	17	23	4.3

Bonds:

	Int. Rate %	Maturity	Outstand. $	Times Int. Earned After Deprec. 1938	Times Int. Earned After Deprec. 1937
British Columbia Packers:					
1st Mortgage:					
Serial bonds	4, 4½	1939-44	300,000	*3.39	11.12
Conv. S. F.	5	1953	700,000		
2nd Mortgage Ser. Deb.	4	....	†411,000		
†Held as collateral for bills deferred, redeemable $50,000 annually, July 1, 1939-1945, incl., $61,000 July 1, 1946. *New 1st mortgage bonds.					
Burns & Co.:					
1st Mtge., A	5	1958	*6,668,300	nil	2.28
*On $3,358,450 5% interest is obligatory; on $3,309,850 interest is non-cumulative at 5%, paybale to extent of 75% of available income for period to Dec. 31, 1938; bears obligatory interest at 5% after.					
Canada Packers:					
Collateral Trust	3¾	1940	750,000	11.97	8.96
Do., Debs.	2	1941	750,000		
Do., Debs.	2¼	1942	750,000		
Do., Debs.	2½	1943	750,000		
Do., Debs.	2¾	1944	750,000		
Canadian Canners:					
1st Mortgage	3	1939-42	540,000	4.14	8.58
1st Mtge. conv.	4	1951	2,420,000		

Canada Packers

Canada Packers Ltd. stands in an excellent position to take advantage of increased business that war conditions will create. A shortage of hogs for processing has impeded operations, but larger deliveries during the current year and in 1940 will modify the shortage considerably. In the annual report, J. S. McLean, president, stated that the increased deliveries should make themselves felt particularly from June in the current year.

It is also important to the earnings of packing organizations that prices for by-products have taken a considerable rise in recent weeks. This phase of the company's activities has been unsatisfactory for some time and now betterment appears almost certain.

While net sales in the year ended March 30, 1939, decreased from those of the preceding 12 months, the organization was able to show an increase in net profit to $1,238,736 from $1,100,560. Earnings on the common stock was equivalent to $6.19 and $5.50 a share, respectively.

Bonus of $1 a share was paid on the common shares, in addition to the regular payments of $3 a share. The company's capital structure was substantially altered during the year. There were $3 millions of serial debentures issued to refund the same amount of bonds. Refunding operation will save the company $110,00, it is estimated.

Directors—J. S. McLean, pres.; E. C. Fox, T. F. Matthews, W. T. Harris, vice-presidents; S. G. Brock, sec.-treas.; N. J. McLean, gen. mgr.; W. S. Cameron, A. L. Laing, A. G. Hall, all of Toronto; G. S. Matthews, Peterborough.

Canadian Canners

Increased wartime demand for canned foods of all descriptions will undoubtedly make itself felt in the operations of Canadian Canners Ltd.

This company, largest organization of its kind in the British Empire, has been working under adverse circumstances in the past few years. Competition has been keen and considerable price cutting on the part of a number of canning concerns has occurred. Poor prices have resulted for all kinds of canned products and profit margins have been cut.

There were indications in the current year prior to the outbreak of war that this situation has been largely rectified. Smaller packs made up to the present time of fruits and vegetables would have resulted in lower inventories, even with

(Continued on page 20)

War Booms Sugar Demand

Sugar is considered an essential war commodity. Fear of a shortage of this foodstuff was expressed in a considerably heightened demand at the outbreak of war.

These fears seem scarcely justified, as an ample supply is available for Canadian needs. Notwithstanding, prices have increased sharply because of the expanded demand.

Refiners of both cane and beet sugar this year are having their output taken up promptly, and prospects are for a brisk business during wartime, with good earnings.

Acadia Sugar

Ownership of Acadia Sugar Refining Co. changes on Oct. 31 next. Some weeks ago shareholders approved sales of the company to a new concern, the Anglo Dutch Refining Co. The sale is to be consummated at the end of the current month. Identity of the interests behind the Anglo Dutch Refining Co. has not been disclosed.

In consideration for the sale of its property and business, Acadia Sugar will receive $1.5 million in cash and $1.5 million of 6% 15-year debentures. Acadia Sugar has outstanding $1.5 million of 6% preference stock and $1.5 million of common stock. Liabilities of Acadia Sugar, including $1.4 million of 4½% first mortgage bonds, are to be assumed by Anglo Dutch Refining.

The 6% debentures are to be offered to shareholders of Acadia Sugar at par.

Earnings of Acadia Sugar showed little change in 1938, net profit being equivalent to 42 cents a share on the common stock. Working capital increased during 1938 from $1,681,597 to $1,837,136.

Directors—J. McG. Stewart, pres.; D. R. Turnbull, man. dir. and sec.; J. C. MacKeen, Hon. W. H. Covert, R. P. Bell; Halifax; John Mitchell, Robert Thom, Glasgow, Scotland; Hon. C. W. Robinson, Moncton, N.B.

Atlantic Sugar

Information as to earnings and operations of Atlantic Sugar Refineries are not available as the company does not publish its annual report. However, the position of the company is reported to be satisfactory.

Public interest is confined to $1.8 million of first mortgage bonds. This amount is divided into $300,000 of 3% serial bonds maturing Nov. 1, 1939-41 and $1.5 million of 4% sinking fund bonds maturing 1951.

Share capital consists of 160,000 common shares, no par value, but no public offering of the stock has ever been made.

The chief sales outlet for the company is the domestic market.

Directors — F. R. Graham, chm.; L. J. Seidensticker, pres., Montreal; P. R. Gardiner, vice-pres.; S. A. Hayden, sec., Toronto; J. C. H. Dussault, D. H. McDougall, Montreal; T. J. Dillon, New York.
Asst. sec. & treas.—E. S. Johnston.

Canada & Dominion

Prospects for Canada & Dominion Sugar Co., Chatham, Ont., have improved. Refiner of both beet and cane sugar, the company is in a favorable position. With a better beet crop in Ontario and higher prevailing demand and better prices, it will benefit particularly from the new situation in which the industry finds itself. In addition, the company appears assured that it will dispose of its inventories much earlier than usual, obviating the necessity of financing the holding of supplies.

Canada & Dominion is the largest sugar refiner in Canada, selling a large percentage of Canadian consumption. Its financial position and earnings record is excellent.

In the year ended Jan. 31, 1939, net profit was equivalent to $1.32 on the new common stock, compared with $1.56 in the preceding year. During 1938 the company's stock was split on the basis of three new shares for each old share.

Dividends are paid on the new stock at the rate of 87½ cents a quarter, commencing with the disbursement of Dec. 1, 1938.

Working capital is exceptionally strong, totalling $14.7 millions at Jan. 31, 1939. This figure takes investments at book value, which was $762,893 less than market value.

Directors—C. H. Houson, pres., Chatham; H. R. Drummond, vice-pres., Montreal; H. F. Smith, vice-pres., Detroit; W. J. McGregor, sec.-treas., Chatham; A. E. Dyment, W. C. Laidlaw, Toronto; A. H. Thomson, G. B. Foster, Montreal; G. H. Moulthrop, Bay City, Mich.

Sugar Refiners

Stocks:

	Outstand. $	Earned per Share 1938 $	Earned per Share 1937 $	Div. Rate $	Price Range —1938-39— High	Price Range —1938-39— Low	Last Price	Yield %
Acadia Sugar Refining:								
6% pref. cum., par $5 & £1	1,500,000	0.72	0.71	0.30	5¾	5¾	5¾	5.2
Com., par $5 & £1	1,500,000	0.42	0.41	0.30	4½	3¾	4½	6.7
Atlantic Sugar Refineries:								
Com., n.p.v.	160,000 sh.	Not avail.		...	...	...	...	...
Canada & Dominion Sugar:								
Com. n.p.v.	1,000,000 sh.	1.32	1.56	1.50	33	23	33	4.5

Bonds:

	Int. Rate %	Maturity	Outstand. $	Times Int. Earned After Deprec. 1938	Times Int. Earned After Deprec. 1937
Acadia Sugar Refining:					
1st Mtge. S. F.	4½	1955	1,407,500	4.48	4.38
Atlantic Sugar Refineries:					
1st Mortgage	3-4	1939-41-51	1,800,000	Not available	

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Grocery-Cellophane
Glassine and Specialty Bags
•
BAGS *with a* REPUTATION
•
Distributed by
MacGregor Paper & Bag Co., Inc.
Montreal — Quebec City — Saint John — Halifax
W. J. Bell Paper Co. Limited
TORONTO — WINDSOR — ALMONTE

Progress

Canadians and people in many other countries continue increasingly to enjoy Clover Leaf seafoods for two reasons:

(1) Because Clover Leaf quality invites repeated purchase.

(2) Because new appetizing additions to the Clover Leaf line are offered from time to time.

NEW!
CLOVER LEAF
SALMON a la KING
Heat and serve

CLOVER LEAF FANCY SOCKEYE SALMON
CLOVER LEAF FANCY COHOE SALMON
CLOVER LEAF FANCY PINK SALMON
CLOVER LEAF FANCY HERRINGS IN TOMATO SAUCE
CLOVER LEAF FANCY OYSTERS
CLOVER LEAF FANCY CLAMS
CLOVER LEAF SALMON a la KING
"PET" BRAND DOG FOOD
SAANICH BRAND FRUITS

British Columbia Packers
Limited

YOU'VE GOT TO BE
TOUGH
ABOUT PAINT

The development and manufacture of industrial finishes is a highly specialized branch of a specialized industry and calls for wide experience and adequate resources.
To let yourself be persuaded to take a wrong type of finish, no matter how good the quality, is simply inviting trouble.
The Sherwin-Williams Co. has specialized in the development and manufacture of paints for over 73 years. An organized advisory service is freely at your disposal any time for consultation on all questions of finishes and their application. A fully qualified paint engineer will call at your convenience to discuss special finishes, colors, etc.
Write or phone Industrial Sales Dept., The Sherwin-Williams Co. of Canada Limited, Montreal, or your nearest Sherwin-Williams office.

SHERWIN-WILLIAMS PAINTS

Food Sales Soar With War

Merchandising Firms Expected to Benefit With Higher Prices

Whatever war means to Canadian industry in general it will be reflected directly in operations of food merchandising companies.

In recent weeks the frantic effort of purchasers to stock up on food supplies has kept merchandisers operating at top speed. There has been a slackening of buying recently and it is now indicated that it is reaching more normal proportions.

While unwarranted profits will not be permitted, nor do food merchandisers wish to impose exorbitant prices, higher commodity prices will correct subnormal prices that have existed for number of years.

It is felt that increased purchasing power will react favorably and quickly upon the sales of retail and wholesale grocery concerns. Canadian companies, well entrenched in public favor, probably will also experience increased sales.

Buywell Foods

Little improvement has been shown in earnings of Buywell Food Markets during the past year. Details of results for the year ended June 11 are not available.

Buywell Food Markets operates four retail food stores in Montreal.

Directors — M. Zahler, pres.; C. Burns, vice-pres.; J. H. Magid, treas.; P. Bermingham, sec.; H. N. Chauvin; Montreal.

Dominion Stores

Sales of Dominion Stores Ltd. in the year to Oct. 7 showed an increase of 6.63% over the same period in the previous year. There were 47 fewer stores in operation, with 8 more meat markets.

Although sales have increased during the year, the company reported a loss of $82,881 in the 24 weeks ended June 17, compared with a loss of $9,192 for the corresponding period of last year. This statement included operations of the stores acquired from Stop & Shop. Part of the loss was accounted for by $29,032 expenses incurred in closing 68 stores and opening of 33 new stores. There was $8,952 spent for the same purpose in the corresponding period of the previous year.

Operating results for 1938 were less satisfactory than in the preceding year, with net loss of $149,112 being shown, against a net profit of $46,736 in 1937, which was the best year from an earnings standpoint since 1933.

There has been little available for distribution to shareholders since $1.20 a share was earned in 1933. No dividends have been paid since Jan. 2, 1935.

Chain store taxation, which threatened to seriously affect operations of the company, has shown signs of improving and in one town in Quebec the council rescinded discriminatory taxation.

Directors—E. G. Wills, chm.; J. W. Horsey, pres.; Toronto; R. O. Johnson, vice-pres.; L. D. Squair, vice-pres.; Francois Faure, Mme. P. F. Casgrain, Montreal; N. L. Nathanson, S. G. Bennett, R. R. Corson, Toronto; J. B. Jameson, Concord, N.H.
Sec.-treas.—G. Nicol.
Asst. sec.—C. W. Foster.

Hunt's Ltd.

Hunt's Ltd. is at present building a number of new type stores, having experimented with two similar units in Toronto.

Sales in six months of the current year were down approximately 5% from the same period in 1938, but profits were down only slightly, according to the management.

Sales declined in 1938, and net loss increased to $40,060 from $28,232 in 1937. Net losses have been shown in the past seven years. No dividends have been paid on the class A and B shares since Jan. 2, 1935.

Directors—H. W. Hunt, pres. & man. dir.; L. K. Hergert, sec.-treas.; J. H. Ratcliffe; Toronto.

Fanny Farmer

It was recently reported that sales and earnings of Fanny Farmer Candy Shops in the current year were improved over those of the same period in 1938. Business upturn in the U. S. in all probability will raise earnings in the year to higher levels than in 1938.

The company used to issue regular interim statements, but stopped this practice in June last year.

In 1938 total sales were the largest in the company's history, amounting to $6.9 millions, compared with $6.6 millions in 1937. Sales have been expanded steadily since formation 1919. There was no public interest in the company until 1926.

Earnings on the 384,789 shares of common stock outstanding amounted to $2.35 in 1938, $2.06 in 1937 and $1.50 in 1936. Dividends paid in 1938 totalled 1.75 a share, comprised of four regular quarterly payment of 25 cents and extras of 75 cents. Quarterly payments were increased to 37½ cents with the payment of April 1, 1939.

The organization, operating a chain of about 240 one-price candy stores in United States was formed by the late Senator Frank P. O'Connor. In 1937 he disposed of his holding to a Toronto financial group and retired from the company next year.

Liquid position of the company is strong and working capital amounted to $1.4 million at the end of 1938, approximately $5,000 higher than in the preceding year.

Directors—J. D. Hayes, pres.; J. F. Burke, vice-pres. and asst. to pres.; J. P. Hogan, sec.; E. E. Fairchild Jr.; Rochester; H. R. Bain, Toronto.
Vice-pres.—M. I. Farrell, Brooklyn, N.Y.; J. F. Cronin, Minneapolis, Minn.
Treas.—W. E. McFadden, Rochester.
Asst. sec.—M. T. Hayes.

Jenkins' Groceteria

Jenkins' Groceteria Ltd. operates with its subsidiaries a chain of 73 stores in Alberta, in addition to a baking plant, coffee warehouse and fruit business. Head office is in Calgary.

In 1938 net profit was equal to $7.46 a share on the 7% preferred stock of $100 par value, compared with $7.68 a share in 1937. Dividends have been paid regularly on the preferred.

Directors—H. M. Jenkins, pres. and gen. mgr.; P. A. Carson, sec.-treas.; John Ross.

Laura Secord

In nine months of the current fiscal year Laura Secord Candy Shops reported net earnings of $176,592, compared with $163,099 in the corresponding period of the previous year.

Earnings of the company have been stable over a period of years and in the year ended Sept. 30, 1938, net profit of $232,916 was recorded. If the remaining quarter of the year maintains the advancement in earnings shown in previous quarters results for the year should be the best since the year ended Sept. 30, 1932.

Dividends on the stock have been placed on a regular 80 cents annual basis, with the payment of an initial quarterly dividend of 20 cents a share on Dec. 1, 1938. Liquid position is strong. At the end of the last fiscal year, working capital amounted to nearly $2 millions, an increase of $117,000 from the previous year.

Stores operated by the organization having been increasing and in 1938 there were 53 units operated in Ontario and 33 in Quebec.

Directors — J. D. Hayes, pres. and gen. mgr.; H. R. Bain, 1st vice-pres.; C. P. Moher, 2nd vice-pres., Toronto; A. A. Audette, 3rd vice-pres., Montreal; C. H. Ellston, sec.-treas., Toronto.

Loblaw Groceterias

In the 12 weeks period ended Aug. 19, sales of Loblaw Groceterias Co. increased 9.85% and profits were up 5.29% over the same period in the preceding year. Because of the flurry of buying in recent weeks it is probable that sales in the latest period will show marked improvement.

This organization is one of the most successful grocery and meat chain businesses on the continent. Its operations are confined to Ontario and at May 27, 1939, there were 113 units operating.

Record of earnings has been excellent since its formation and it has continued to expand operations. In the year ended May 27, 1939, it showed the best earnings in 19 years of operation.

Net profit was equivalent to $1.49 on the combined class A and class B stock, compared with $1.42 in the previous year.

The company is in an excellent liquid position, with working capital amounting to $2.9 millions at the end of the past fiscal year, against $2.6 millions at the close of the previous year.

Directors — J. Milton Cork, pres.; C. B. Shields, vice-pres. and gen. mgr.; Daniel Urquhart, vice-pres. and treas.; Justin M. Cork, sec. and asst. gen. mgr.; W. E. Cork, R. O. Meech, Toronto; W. A. Arbuckle, Montreal.

National Grocers

National Grocers Co. sales in the current year are on about the same level as in the same period last year, The Financial Post is informed. A flurry of buying occurred at the outbreak of war, caused volume to rise sharply, but within the past two weeks there has been evidence that this abnormal demand is abating.

In the year ended March 31, 1939, net profit totalled $445,009, compared with $446,299 in the previous fiscal year. On the basis of the new capitalization earnings on the new preference would have been $2.97 a share and 74 cents on the common stock. On a comparative basis, earnings in the previous year would have been $2.97 and 75 cents respectively.

Regular dividends on the new preference shares began with the quarterly payment of 37½ cents on April 1, 1939.

Readjustment and elimination of arrears on the old preference stock clears the way for dividends on the common stock, which has been issued largely to proprietors and stockholders of companies entering the merger. Earnings have been shown on this class in the past 11 years.

Directors—Archie Foster, pres. and chm. of board; M. D. Lemon, vice-pres.; T. H. Kinnear, sec.-treas.; David Blain, T. J. Medland, Toronto; W. G. McLauchlan, Owen Sound; A. J. Major, Ottawa; J. H. Simpson, Guelph; Hon. George Gordon, North Bay; W. H. Kenny, Sarnia.
Gen. mgr.—H. L. McNally.
Compt. and asst. sec.-treas.—R. H. Bainard.

Stop & Shop

Stop & Shop Ltd. is a holding company, controlling operations of Thrift Stores Ltd., which operates a chain of retail grocery and meat stores.

Adjustment in the company's funded debt was approved by bondholders on Feb. 9, 1939. Both first and second mortgage bonds now carry interest at a fixed rate of 3% and additional interest at the rate of 3% is cumulative, but payable out of one half of net profits. Sinking fund provisions on the first mortgage bonds was cancelled.

Net losses have been shown by the organization in the past five years, but in the 13 months ended April 30, 1939, was reduced to $2,080. The company's net losses ranging up to $125,105 in the year ended Feb 22, 1936.

Directors—R. H. Hommel, pres., Toronto; A. D. Cobban, vice-pres.; R. W. S. Johnston, sec.-treas.; H. B. Housser, E. F. Coste, *T. D. Leonard, B. N. Barrett, Toronto; *W. A. Bean, Kitchener, Ont.; *Frank Relyea, Waterloo, Ont.
*Representing bondholders.

Thrift Stores

Operations of Thrift Stores, controlled by Stop & Shop Ltd., improved in the year ended March 25 last and further improvement is looked for in the current year. Net loss after all charges was reduced from $129,553 in 1937-38 to $17,993 in 1938-39. Excluding non-recurring expenses of $22,924 in connection with closing of Toronto stores, there was a small profit.

Operations are now confined to Montreal and Ottawa, Toronto units having been sold to Dominion Stores early this year. Marked improvement in operations is reported to have resulted from disposal of the Toronto division. Present operating results indicate the company should be able to show a profit this year.

Thrift Stores is the largest food chain store in the Montreal area, operating 92 stores there under its own name and the name of Stop and Shop. Six stores are operated in Ottawa and one in Westboro.

Directors—R. H. Hommel, pres., Toronto; G. A Wright, vice-pres., Montreal; R. W. S. Johnston, sec.-treas.; E. F. Coste, H. B. Housser, A. D. Cobban; Toronto; B. N. Barrett, Kitchener, Ont.; W. E. Dunton, Montreal.

Western Grocers

Western Grocers Ltd. is engaged in the wholesale grocery business in western Canada. It is affiliated with the Red and White chain stores, of which there are approximately 700 stores in the West. The company also operates a wholesale fruit and vegetable business through subsidiaries.

The company has been steadily extending its operations and in 1938 acquired The W. H. Malkin Co. This organization will materially expand operations in British Columbia and is expected by the management to increase earnings.

Tonnage sales handled in 1938 were about the same as in the previous year, but dollar sales were down somewhat because of price decline in foodstuffs.

Net profit also declined to $175,607 from $212,717, which was equivalent to earnings of $14.70 on the 7% preference stock, of $100 par value, and $17.81, respectively. Earnings on the no par common stock were $5.43 and $7.62 a share.

Dividends have been paid regularly on the preference shares and dividends are being paid at the rate of $3 annually on the common

With good grain crops in the Canadian west, the company should feel the effect of increased purchasing power of farmers and urban buyers. The price situation has undergone improvement and more satisfactory operating conditions are indicated.

Working capital was reduced in 1938 to $890,045, from $1.8 million at the end of the previous year, reflecting acquisition of the Malkin Co.

Directors—W. P. Riley, pres.; W. H. McWilliams, vice-pres.; H. W. Hutchinson, F. O. Fowler, Winnipeg.
Sec.-treas.—Eben Govan.

Canada Tea

Canada Tea Co. does not publish statements of income and expenditures, but C. J. Scandrett, in a report to shareholders for the year ended June 2, 1939, stated that sales and collections were on a satisfactory basis and the company made "reasonable profit."

Arrears of dividends on the 7% preference stock, of $100 par, amounted to 66½% at the end of the fiscal year. Assets totalled $757,569, of which $406,575 was goodwill, etc., and $286,608 current assets. Current liabilities amounted to $71,025.

Canada Tea Co. conducts a wholesale and retail business in tea, coffee, spices and similar lines in a number of cities in Ontario.

Food Merchandising

Stocks:

	Outstand. $	Earned per Share 1938 $	Earned per Share 1937 $	Div. Rate $	Price Range —1938-39— High	Price Range —1938-39— Low	Last Price	Yield %
Buywell Food Markets:								
1st pref. 7%, par $10	45,080	nil	nil	nil	...	...	...	...
Com., n.p.v.	200,000 sh.	nil	nil	nil	...	...	...	...
Dominion Stores:								
Pref. 6% cum., par $100	†5,000,000	...	...	...	...	...	...	...
Com., n.p.v.	280,014 sh.	d0.53	0.17	nil	8¾	3	5½	...
Fanny Farmer Candy Shops:								
Com., par $1	384,789 sh.	2.35	2.06	1.50	24	14¾	22	6.8
Hunt's, Ltd.:								
Cl. A non-vot., n.p.v.	18,656 sh.	d1.19	d0.84	nil	12	2	5	...
Cl. B vot., n.p.v.	15,000 sh.			nil	10	2	4	...
Jenkin's Groceteria:								
Pref. 7% cum., par $100	474,600	7.46	7.68	7.00	...	...	...	...
Com., n.p.v.	20,000 sh.	0.09	0.17	nil	...	...	...	...
Laura Secord:								
Com., n.p.v.	287,500 sh.	4.05	3.71	0.80	14½	10	10⅞	7.3
Loblaw Groceterias Inc.:								
Common, par $6	333,827 sh.	...	...	0.80	...	...	...	...
Loblaw Groceterias:								
Cl. A, cum. red., n.p.v.	445,056 sh.	*1.49	*1.42	1+.25	27½	19¼	27½	4.5
Cl. B, n.p.v.	383,[illegible]00 sh.			1+.25	25	18	25	5
*For years ended May 28, 1939 and 1938.								
National Grocers:								
Pref. $1.50 cum., par $20.	150,000 sh.	*2.97	*15.11†	1.50	25	23	24	6.2
Com., n.p.v.	295,852 sh.	0.74	0.81	nil	7½	3¾	6¼	...
*For years ended Mar. 31, 1939 and 1938. †On old stock.								
Stop & Shop:								
Pref. cum. part., par $10	555,550	...	*d0.33	nil	...	...	...	...
Com., n.p.v.	49,841 sh.	...	*d1.03	nil	0.75	0.10	0.20	...
*56 weeks ended Mar. 26, 1938.								
Thrift Stores (controlled by Stop & Shop):								
1st pref. cum. red., par $25	342,750	*d1.31	*d9.45	nil	8	½	8	...
2nd pref. cum. red., par $10	120,000	d3.36	d12.65	nil	...	...	...	...
Ordinary, n.p.v.	20,000 sh.	d2.43	d8.01	nil	.50	.25	...	...
*For years ended Mar. 25, 1939 and 1938.								
Western Grocers:								
Pref. cum part., par $100	1,194,300	14.70	17.81	7.00	116	103¼	106	6.6
Com., n.p.v.	16,943 sh.	5.43	7.62	3.00	65	45	47	6.4
Canada Tea:								
Pref. 7%, par $100	171,400	Not avail.		nil	...	...	...	...
Common, par, $100	331,200			nil	...	...	...	...
*Paid Dec. 31, 1937.								

Bonds:

	Int. Rate %	Maturity	Outstand. $	Times Int. Earned After Deprec. 1938	Times Int. Earned After Deprec. 1937
National Grocers:					
1st Mtge. closed ser.	4	1936-47	900,000	15.13	11.73
Stop & Shop:					
1st Mtge. S. F.	*3	1947	590,500	‡0.92	0.62
2nd Mortgage	*3	†1947	74,200		

*Rate changed from 6% to 3%. †Extended from Dec., 1939. ‡Based on 3% fixed cumulative rate of interest as approved by bondholders on Feb. 9, 1939.

Dairy Companies Reviewed

(Continued from page 17)

QUINTE MILK PRODUCTS (Continued)

sweet cream, butter, ice-cream, casein, milk sugar, albumen, condensed milk, etc. Quinte Creameries Ltd., Toronto, is a wholly owned subsidiary.

Entire outstanding capital of the company consists of 36,000 no par common shares. Officers of the company hold an option to purchase to the end of October this year 3,500 shares at $2.25 a share.

In 1938 net profit of the organization amounted to $8,692, compared with $3,860 in the previous year. This was equivalent to earnings on the capital stock of 24 cents and 11 cents, respectively. A dividend of 7½ cents a share was paid Feb. 1 of the current year.

Directors — A. L. A. Richardson, pres., Toronto; J. M. Hartwick, vice-pres. & gen. mgr.; F. L. Bell, sec.-treas.; Wellington, Ont.; L. Shier, W. R. Salter; Toronto.

Silverwood Dairies

Silverwood Dairies Ltd. sales during the first half of the current fiscal year were slightly greater than in the same period last year. Net earnings will show fair improvement, due largely to economies effected in the organization during the past year, The Financial Post is informed.

The company's fiscal year ends March 31 and statements coming into head office from the company's branches indicate that the organization experienced a very satisfactory month in September. Earnings during this period will exceed those of the same month last year.

Net profit during the year totalled $59,408, compared with $87,993 in the previous year. This was equivalent to earnings of 41 cents before taking into consideration participation features on the preference stock, compared with 61 cents.

Directors—A. E. Silverwood, pres.; W. E. Robinson, vice-pres.; J. H. Duplan, gen. mgr.; J. H. Gillies, sec.-treas.; E. G. Silverwood, R. G. Ivey, London, Ont.; E. K. Reiner, Wellesley, Ont.; E. W. Nesbitt, Woodstock, Ont.; W. H. Carruthers, Dr. L. E. Pollock, T. R. Harrison, Toronto.
Asst. Sec.-treas.—George Blake.

Toronto Dairies

Toronto Dairies Ltd. was organized to acquire Oakvale Dairies in 1931, and later secured the Jersey Island Dairy. The organization is operated on co-operative lines between producer and consumer.

Financial statements are not published. No dividends have been paid on the 7% preferred stock since April 1, 1931.

Directors—W. A. Dryden, pres., man. dir.; G. E. McCann, sec.-treas.; T. A. Murphy, F. W. Hambly, Dr. G. Hyland; Toronto.

United Dairies

United Dairies Ltd., Calgary, owns or controls 20 creameries in Alberta and British Columbia, manufacturing and distributing butter, ice-cream and dairy products. Union Milk Co. and Crystal Dairy Ltd., both of Calgary, are subsidiaries.

At March 31, 1938, the last statement available, there were 4,000 5% preferred shares of $100 par value outstanding and 50,000 no par common shares. There were $698,200 of 5¼% first mortgage debentures outstanding. Income and expenditure statement for that year showed a surplus on the year's operations of $14,161.

Directors—T. M. Carlyle, pres. and gen. mgr., Calgary; D. J. Morkeberg, vice-pres., Markerville, Alta.; Mrs. J. W. Carlyle, H. A. Howard, R. W. Ward, J. T. Burns, P. Fleming.
Asst. gen. mgr.—E. E. Peterson.
Sec.—E. Richardson.

Highland Dairies

Preferred and common shareholders of Highland Dairies Ltd., Toronto, approved reduction of the dividend-rate on the preferred stock from 7% to 5% from Dec. 31, 1938, at a special meeting early in January of the current year.

The company operates a dairy in Toronto and vicinity, in addition to a tearoom in the city.

Directors—F. F. Appleton, pres.; R. J. MacDonald, vice-pres. and man. dir.; M. M. Kennedy, sec.-treas.; D. C. Kay; Toronto; Talmage Bryan, Sunderland, Ont.

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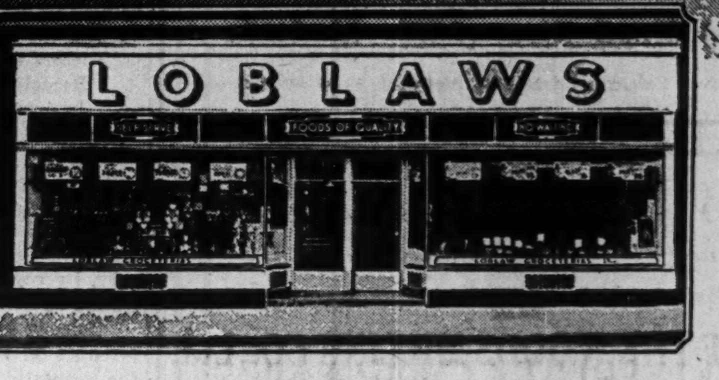

113 Markets & Groceterias Throughout Ontario

Barrie
Belleville
Brampton
Brantford
Brockville
Chatham
Cornwall
Galt
Guelph
7—Hamilton
Ingersoll
Kingston
2—Kitchener
Leamington
Lindsay
3—London
Midland
Newmarket
New Toronto
2—Niagara Falls
North Bay
Oakville
Owen Sound
Orillia
2—Oshawa
6—Ottawa
Peterboro
Sarnia
2—St. Catharines
St. Thomas
Simcoe
Stratford
Sudbury
52—Toronto
Trenton
Welland
Weston
7—Windsor
Woodstock

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Milled From Washed Wheat
Mills at
Moose Jaw - Saskatoon
Calgary
Robin Hood Flour Mills Limited
Sales Offices:
Vancouver, Calgary, Edmonton, Moose Jaw, Winnipeg, Toronto, Quebec, Moncton, Montreal

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Makers of FIVE ROSES FLOUR
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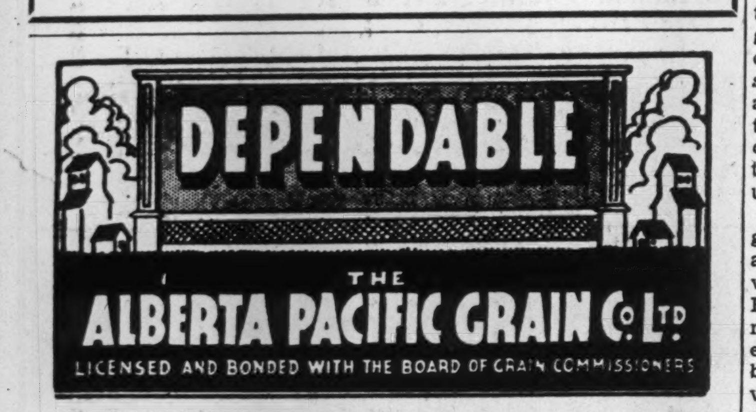

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Total Carrying Capacity 4,500,000 bus. per trip
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Week in Wheat

Better Export Demand Helps Wheat Markets

British Buying of Moderate Proportions Reported — Continued Drought in United States Winter Wheat Belt Also Factor

From Our Own Correspondent

WINNIPEG.—The firmer trend which developed in the wheat market last week has been maintained. Prices of all future contracts as well as cash grain are now slightly more than two cents over the guaranteed price of 70 cents.

Factors tending to strengthen the wheat market were:

Rejection of Hitler's peace proposals.

Improved export sales of flour, resulting in improved buying by the Canadian mills.

Moderate export sales of Canadian wheat.

Prospects of improved shipping space.

Persistent drought in the winter wheat belt of the United States.

Bullish enthusiasm was checked from developing too fast, however, by reports that almost 4 million bushels of wheat were being loaded in Roumania for the United Kingdom.

Chicago market moved up relatively faster than Winnipeg, being affected on later days by strength in securities markets as well as the domestic winter crop conditions.

* * *

Rail Embargo

The railways formally made effective at the beginning of this week what had previously been informally in effect, an embargo on shipments of grain to the head of the lakes. Railway yards at Port Arthur and Fort William are congested with an accumulation of thousands of loaded grain cars, which it will take several weeks to unload into elevators. With terminal elevators full, they are able to receive additional grain only as rapidly as grain is discharged into lake vessels. Such shipments are being made only at a comparatively slow rate. Eastern terminals are filled, and space becomes available only as the limited transatlantic shipments currently under way proceed.

Many of the lake carriers loading grain are taking it on winter storage terms, with the expectation that vessels will be tied up, loaded, at Buffalo during the winter. If the rate of overseas shipment is accelerated during the remaining period before the close of navigation, these vessels can be discharged and make another trip or two, prior to freeze up.

* * *

Consolidating Stocks

The railways are still supplying cars for shipment of grain from one country elevator to another. as country stocks are consolidated in order to conserve storage space. Such transfers are limited to points along direct lines from point of origin to head of the lakes. A large number of country elevators are now filled to capacity with little hope of relief before the close of navigation. Railway cars are also being provided for shipment of wheat from the western half of Alberta to Vancouver, where the Wheat Board is filling up terminal elevators. While there is little hope of shipments in quantity from Vancouver, it is understood that space will be available from time to time in vessels loading lumber for the United Kingdom.

* * *

Farmers Sell More Freely

To a very large extent farmers during the past week appear to have given up hopes of higher wheat prices in the near future. At all events they have been delivering to the Wheat Board not only the bulk of new wheat placed in country elevators, but also a large part of the grain they had previously held in storage in such elevators. Up to a short time ago they had sufficient faith in market improvement to be willing to pay storage for a short time, on such grain as they could afford to carry. Now the bulk of wheat which farmers continue to own is that which they are carrying on their farms, either voluntarily to some considerable extent, or involuntarily, as they have been unable to deliver it to elevators.

'PEG ELECTRIC MEETING

From Our Own Correspondent

MONTREAL.—Meeting of holders of series A and B bonds of Winnipeg Electric Co., convened to consider proposals for changing the by-laws to permit bond refunding was postponed to Nov. 27 due to a lack of a quorum.

Wheat Flows Tax Elevators

Shipments to Head-of-Lakes Terminals Are Held Up

From Our Own Correspondent

WINNIPEG.—During recent years of light crops in western Canada an apparent excess of elevator space in the country was much discussed. This year all available elevator space is proving inadequate to the demands made upon it, and at hundreds of points in the West farmers are unable to deliver threshed grain because local elevators are filled, and no railway cars are to be had to ship grain out.

The railways have loaded more grain for Fort William and Port Arthur than there is any prospect of unloading into terminal elevators during the next month, and have accordingly had to embargo further shipments to the head of the lakes. They are supplying cars for shipment of grain from one country elevator to another.

Elevators in Manitoba, where a large part of the crop was moved before congestion began, are being refilled with grain from Saskatchewan and Alberta, and elevators in southeastern Saskatchewan, where local crops were small, are being plugged with grain from farther west.

The elevator companies are taking every possible step to conserve space. Where a bin in a country elevator has been tied up by a small quantity of some particular grade of grain, it will be cleared out and its contents moved to some other elevator.

Sometimes such movements are effected by rail shipment, and sometimes trucks are employed. Elevators owned by different companies at the same point have exchanged grain of different grades in order that bins might be packed full

The Canadian Wheat Board has now arranged to fill up all elevator space at Vancouver and New Westminster, in spite of the fact that prospects for shipment from Pacific ports are still doubtful.

Country elevators have been constructed, usually in the form of large, flat bins capable of holding 20-25,000 bushels. There are points where five or more of such bins are in the course of building.

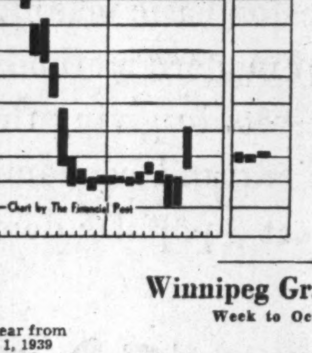
As rapidly as wheat is shipped down the lakes terminals will be refilled, and empty cars made available. It is not yet clear, however, to what extent the railways will be willing to have such cars reloaded at country points. It is probable that the railways cannot afford to have rolling stock tied up during the winter, on account of probable needs in other parts of Canada.

1914 Wheat Situation Compared With Present

"Wheat in a World at War" is the title of a 10-page booklet issued by the Sanford Evans Statistical Service. In it is exhaustive information regarding the whole world wheat situation during the last Great War period.

Such matters as world acreage, production, visible supplies, shipments and prices are dealt with and comparisons made with the present. Facts are presented in concise form and the reader left to form his own conclusions. It is pointed out that while the general growth of world wheat production has been rapid, it has been partly offset by the expansion of population Thus, while crops are now 50% larger than 1914, population of all important countries has grown by about 18%. During the war itself, it states, there was a general decrease in total wheat acreage in the belligerent countries.

Wheat Prices



	For Week Oct. 17 High	For Week Oct. 17 Low	Prev. Week High	Prev. Week Low
1 Hard	.72⅛	.70½	.70⅛	.68¼
1 Northern	.72⅛	.70½	.70⅛	.68¼
2 Northern	.70	.68⅛	.67⅝	.65¾
3 Northern	.68⅞	.66⅜	.65¾	.64
4 Northern	.68⅛	.63¾	.62⅝	.60¾
5 Wheat	.62⅛	58½	.57⅛	.55¼
6 Wheat	.58⅛	.54½	.53⅛	.51¼
Feed Wheat	.57⅛	.53½	.52⅛	.50¼

Winnipeg Grain Futures

Week to Oct. 17, 1939

Crop year from Aug. 1, 1939 High	Low		Open Oct. 11	High for week	Low for week	Close Oct. 17	Close year ago
		Wheat					
.84	.50¼	Oct.	.70⅛	.72¼	.69⅞	.72½	.62
.85⅜	.51⅝	Nov.	.71½	.73¼	.70½	.72⅞	.61½
.85	.51½	Dec.	.72⅛	.74⅝	.71⅝	.73⅝	.60⅜
.88	.54⅞	May	.76⅞	.79	.76⅜	.78⅜	.63¾
		Oats					
.45⅜	.26⅝	Oct.	.32	.34⅞	.31⅞	.33¼	.28⅜
.40	.30¼	Nov.	.....	.31⅝	.30¼	.31⅝	.....
.41	.26⅛	Dec.	.30⅞	.32⅝	.30¼	.31	.27⅜
.45¾	.27½	May	.31	.32⅝	.30⅜	.31½	.28⅜
		Barley					
.50⅜	.33½	Oct.	....	.43⅜	.42½	.43¾	.37¼
.50	.32⅝	Oct. (new)	.43⅜	.44⅝	.42½	.43⅛	.....
.53	.42¼	Nov.	.....	.43⅜	.42¼	.42⅝	.....
.49⅝	.32⅜	Dec.	.42⅝	.44	.41⅞	.42⅝	.36⅜
.51⅜	.33⅝	May	.43¼	.44½	.42⅜	.43⅛	.37⅛
		Flax					
1.86	1.26¼	Oct.	1.71½	1.72	1.67½	1.67½	1.31½
1.75½	1.55	Nov.	1.72	1.72	1.68⅛	1.68	......
1.76	1.23¾	Dec.	......	1.68⅛	1.64½	1.65½	1.26½
1.81	1.54	May	1.66½	1.68	1.63¼	1.63½	1.29¾
		Rye					
.62⅞	.36½	Oct.	.62¼	.62⅞	.61	.62¼	.40½
.62½	.52	Nov.	.....	.60¼	.58	.60¼	.....
.61	.37½	Dec.	.56	.59½	.56	.58⅜	.40⅜
.65	.40	May	.57⅜	.60¼	.57½	.59⅜	.42

Food Industries Expect Capacity

(Continued from page 13)

Britain is letting out tea bought by Canadian firms before the embargo, and direct shipments are coming to Canada around the Cape of Good Hope. This will tend to ease the market later.

Tea as well as coffee firms should experience good demand as long as the war lasts, but if the last war is any criterion there will be substantial price reductions in primary markets when it ends. Then losses will have to be taken on inventories.

Up to the present, most coffees are not yet on a replacement value basis. There should not be any shortage in raw coffee in view of the fact that Germany will not be able to import much.

Jobbers and Chains

Competition among the food chains especially in Eastern Canada —and this affects wholesale grocers as well—continues more or less on a "dog fight" basis. It began a couple of years ago when one of the large and some of the smaller chains decided to go out after volume. The result was reduced prices in several hundred items, which made it difficult for a wholesaler or chain company to maintain profits.

Figures of only one large chain (Loblaw Groceterias Co.) ran against this general tendency. This was largely because of the continued programme of expansion from exclusive groceterias into large combination markets with fresh meats and fruits and vegetables. This company continued to show increases in both sales and profits because of the additional business it secured per unit in the larger premises. It continues to open enlarged units and leads the food chain field in total sales and profits as well as average sales per unit. Latter have been running above the $200,000 per year mark against an average of $70,000 for the Great Atlantic & Pacific Tea Co., $40,000 for Dominion Stores Ltd. and more than $100,000 for Safeway Stores Ltd. in western Canada.

As far as dollar sales are concerned, the A. & P. has been improving its position in eastern Canada because of the expansion into the big market stores with self-serve in groceries, and its programme of price reductions. No figures are available as to net profits in Canada alone, but in the past fiscal year the business in both Canada and the United States showed a slight decline in gross sales but a substantial increase in net profit. This does not appear to have been the trend for Canada alone.

Price Cuts Boost Volume

A year ago Dominion Stores Ltd. had not followed the price reduction policy of some of the other chains and sales were down. Since then its policy has been changed, resulting in increases in dollar volume.

Since beginning of the war, some of the chains as well as wholesalers have been purchasing farther ahead. This does not apply to any great extent to such firms as Dominion Stores and A. & P. If the war lasts any length of time the others stand to improve profits by this policy; if it doesn't they will likely lose. A number of prices have been advancing, some because of supply and demand, others like tea, coffee, canned fish, processed meats, because of increased federal taxes plus transportation difficulties.

As stated above, this competition affects wholesale grocers inasmuch as their prices to group stores and independents must be kept to a minimum. Nevertheless, firms such as National Grocers Co. and Western Grocers Ltd. whose operations are in the hands of experienced men, are successfully meeting this competition. With increased activity in northern lumber camps a firm such as National Grocers is bound to benefit in view of the fact that it has several branch warehouses in northern Ontario. General business improvement as a result of increased production caused by the war will benefit both wholesalers and chains.

Canned Milk

The future picture of canned milk looks bright in view of the fact that consumption in Canada today is perhaps at its peak in the country's history. While no recent advances have been made in prices, raw milk is costing condenseries on the basis of around 20c. a case more since the war commenced. In other words the producer is getting 15 to 20c. a cwt. more for raw milk than a year ago and as far as Ontario is concerned, the price is established by the milk board. The fact that there have been advances of 50c. a case in evaporated milk in Newfoundland and 20c. a case in the United States indicates trend of the market.

The United Kingdom will continue to be a heavy buyer of evaporated milk as long as the war lasts and the Canadian Department of National Defence has been taking increasing quantities in the past month for military camps. It is estimated that the volume sold up to end of September equals the entire quantity sold by condenseries all last year.

Bread and Biscuits

Biscuit and bread manufacturers would be adversely affected by higher flour and sugar prices if they didn't raise their own. While flour along with wheat is down from the peak reached 10 days or so after outbreak of war, it is still more than $1 a barrel above the low point. Sugar was recently advanced 50c. a cwt. Biscuit firms have been adjusting prices to take care of these higher costs, but so far bread firms have not made any advances due to keen competition. Baking concerns have been selling the retail trade on a low basis sufficient to permit merchants to retail two loaves of bread for 13c., but most of these are still getting 10c. off the wagon for their best loaf.

Future of bread prices will depend largely on trend of raw materials, especially flour and sugar. It would seem that if export demand for wheat and flour should push prices up again, baking concerns would have to advance. Retail grocery chains are still a factor in the bread business as it was they who first reduced the price. Some of these chains bake their own bread and may or may not be prepared to continue the low prices if and when flour goes up to stay. Baking concerns, however, are not altogether dependent on bread alone. Most of them are in the cake and pastry business and have been developing a splendid house-to-house trade in this regard. But it would seem that biscuit manufacturers can more readily adjust selling prices to higher costs in view of the fact there are not many firms in the business.

Millers

Milling concerns are in a much stronger position than they have been for many years. Results of operations for the majority of organizations have in the year ending in midsummer been on a much more satisfactory basis and millers are looking at the future with optimism, tempered with a measure of reserve.

A vigorous demand for domestic needs is being experienced and milling companies are looking to Great Britain for substantial orders.

Dairy Industry

Conditions in the industry engaged in the distribution of milk have undergone little change in the past year. There are still numerous difficulties that make conduct of business difficult.

Dairy organizations will benefit from the firming of butter and cheese prices in the past few weeks and one large organization has indicated that its operations have been more successful this year than last.

It is recognized that like other industries war conditions will have a profound effect on operations. Authorities are now attempting to determine to what degree operations will be affected.

There will probably be increased purchasing power because of an increased tempo of industrial activity. Increased demands for dairy products may be created. This will tend to diminish relief business, which is conducted on a discount basis.

Against the favorable factors are the facts that the dairy industry will be faced with increased costs of operations and rising costs of supplies.

Much of the buying and selling of dairy products are controlled and the earnings of these organizations will depend largely upon the prices which are established in wartime.

Meat Packers

Meat packers will enjoy an increased demand for their products in wartime. Export demands for bacon, which is by far the most important export, will exceed quantities the Canadian industry can at present export.

The policy of the Dominion Government, meat packers, and the British Government on questions of export of bacon have not yet been clarified. Definite policy of the Canadian Government has not been formulated in the absence of word from Great Britain as to what orders will be placed in Canada for bacon.

It is understood that the British will take double the quantity of bacon that is now being received, but so far, it is believed, no price agreement has been reached. It would be hazardous under those circumstances to conjecture on what the profit margin on bacon would be or how satisfactory it will be to packers.

In the past few years operations of meat packers have been considerably hampered by the absence of adequate supplies and low prices for by-products. These difficulties appear now to be in the process of correction.

By-products have been rising in prices. Shortage of hogs is being rectified. The latter condition was brought about by the drought years experienced in the Canadian West, when farmers in the absence of adequate wheat for feed killed off most of their stock. As a result packers were not able to obtain sufficient for their needs.

Commodity Prices

A more cautious feeling among buyers has resulted in an irregular trend in the commodity markets. Evidence that action would be taken to prevent unreasonable advances discouraged speculative operations, while in most cases no immediate shortage is feared.

In the agricultural group, cattle prices were weakened by heavy runs on eastern markets. Demand was not sufficient to absorb supplies except at price recessions. Dullness at United States centres was a further depressing factor. Heavy deliveries also weakened the hog market in spite of an advance in the British fixed price for Canadian bacon. Wheat was stronger under a moderate revival in the export trade. Britain was again buying in North America. Rubber was firm under more active industrial demand.

	Latest week	Previous week	Same week last yr.
Cattle	$7.25	$8.00	$6.65
Hogs	9.00	9.25	8.85
Copper, lb.	.12½	.12½	.11¼
Cotton, lb.	.0916	.0916	.0855
Rubber, lb.	.2010	.1925	.1716
Sugar, raw, lb.	.0360	.0365	.0310
Silk, lb.	3.14	3.10	1.84½
Wheat, Man. (bu.)	.71⅛	.68¼	.63½
Coffee, lb.	.05¼	.05¼	.05½
Hides	.15½	.15½	.13
Weekly Indices			
Canada (D.B.S.)	78.0	77.9	74.2
Do., Wood, Gundy	63.7	63.4	56.8
U. S. Labor	79.0	79.5	77.8
Dow Jones (future)	55.36	54.79	48.55
Fishers'	83.3	82.7	80.3
Monthly Indices			
Canada (D.B.S.):			
Retail (Sept.)	82.9	83.0	84.0
W'sale (August)	72.4	72.6	76.0
U. S. (July)	75.4	75.6	78.8
Gt. Brit. (July)	98.1	98.1	100.6

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper - electrolytic, New York. Silk — Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

Canning and Packing Co.'s

(Continued from page 18)

normal demand, but now that war has accentuated that demand, it would appear that supplies of canned products will fall short of demand.

In the year ended Feb. 28, 1939, production of the company was about 80% of the previous year. Distress selling of other canners was attributed by the company as the cause of a decline in net earnings before income tax to $844,358 from $1,421,436 in the previous year.

Net profit amounted to $257,444 for the year, compared with $723,028 in the 1937-38 fiscal year. In the latter period production was the highest in the company's history. No earnings were available on the common shares in the past year, compared with 97 cents in the previous year, after taking into consideration participation features of the stock. Nothing has been paid on the common since Jan. 2, 1932.

Directors—Avern Pardoe, chm., Toronto; W. R. Drynan, pres. & gen. mgr., Hamilton; W. L. Innes, 1st vice-pres., Simcoe, Ont.; E. A. Pearce, 2nd vice-pres., Picton, Ont.; D. R. McCahill, asst. gen. mgr.; Aleck Leitch, Hamilton; Lt.-Col. W. G. MacKendrick, Oakville, Ont.; J. A. Northway, W. G. Lumbers; Toronto; G. C. Edwards, Ottawa.
Sec.-treas.—P. Croucher.

Maritime Fish

Maritime-National Fish (1937) Ltd., with head office at Halifax, N.S., operates a fresh, smoked and frozen fish business and manufactures fish meal and allied products. Financial statements are not published.

Directors—J. MacG. Stewart, chm.; H. G. Connor, pres.; W. H. Boutilier, vice-pres.; H. V. D. Laing, sec.; W. I. MacDougall; all of Halifax; S. G. Matthews, Montreal.
Treas.—W. C. Gemmell.

Connors Bros.

Connors Bros., packers and canners of seafoods, does not publish a financial statement. However, earnings are reported to be satisfactory. Last year the company paid a dividend of 50 cents a share on its Class "A" and "B" common shares and this is stated to have been earned by a comfortable margin.

The company operates one of the world's largest sardine packing plants at Black Harbour, N.B. In addition, it has branched out into other fields and markets fish cakes, kippered snacks, clam chowder, fish oil, finnan haddie and clam bouillon. Packing of these additional products has enabled the company to eliminate the employment slack during the inactive sardine season in the winter months.

Connors Bros. has an investment in plant and equipment of about $2 millions. Direct employment is provided for over 600 people, and more than 1,000 fishermen are dependent on the company for sale of their catch.

The company does a large portion of its business in the export market. For this reason its sales may be affected by the outbreak of war in Europe.

Directors — A. N. McLean, pres.; L. V. Lingley, vice-pres.; J. M. Scovil, sec.; Saint John, N.B.; A. M. A. McLean, treas., Blacks Harbor, N.B.; Hon. B. M. Hill, Montreal.

Wilsil

Business of Wilsil Ltd., Montreal meat packers, is reported continuing along quite favorable lines. Expectation is that the financial statement for 1939 will make better reading for shareholders than the one for 1938 which showed earnings of $1.71 a share on the common.

Wilsil occupy an exceptionally strong financial position and well-established trade connections. At the end of last year the company had current assets of $1,378,051, of which cash was more than three times the amount of current liabilities.

At present the company is paying a dividend of $1 a share annually on the common. In view of the higher earnings, it is possible that the management may step up the distribution to a higher level, though there has been no official intimation of this.

Directors—F. K. Morrow, chm., Toronto; J. A. Law, pres. & man. dir., Montreal; R. W. Jameson, vice-pres., Antrim, N.H.; Daniel Brogan, sec.-treas., G. A. Morris, Henry MacEwan, E. C. Rettig, Montreal.

DIVIDEND NOTICES

Hollinger Consolidated Gold Mines Limited

DIVIDEND NUMBER 324
EXTRA DIVIDEND NUMBER 57

A regular dividend of 1%, and an extra dividend of 1%, making 2% in all, have been declared by the Directors on the Capital Stock of the Company, payable on the 4th day of November, 1939, to shareholders of record at the close of business on the 21st day of October, 1939.

Dated the 14th day of October, 1939.

I. McIVOR,
Assistant-Treasurer.

The Shawinigan Water and Power Company

NOTICE is hereby given that a dividend of twenty-two (22c) cents per share has been declared on the no par value common shares of the Company for the quarter ended September 30th, payable November 15th, to shareholders of record October 20th, 1939.

By Order of the Board.

H. G. BUDDEN,
Secretary and Assistant Treasurer.
Montreal, October 13th, 1939.

Dividends Declared

	This payment	Date payable	Date of record
Ang. Can. Tel. p.	68¾c	Nov. 1	Oct. 14
Assoc. Tele., 1st pf.	42c	Nov. 15	Nov. 1
Ault & Wiborg, p.	$1.37½	Nov. 1	Oct. 13
B. C. Tel., 2nd p.f.	$1.50	Nov. 1	Oct. 17
Beatty Bros., 1st pf.	$1.50	Nov. 1	Oct. 16
Bk. of Toronto	$2.50	Dec. 1	Nov. 15
Calgary Power, p.	$1.50	Nov. 1	Oct. 14
Calgary & Edm.	10c	Nov. 15	Oct. 14
Can. For. Inv., c.	70c	Nov. 1	Oct. 15
Can. W. & C., A	$1	Dec. 15	Nov. 30
Can. Indust., A. B	$1.75	Oct. 31	Sept. 30
Can. North. Pwr.	30c	Oct. 25	Sept. 30
Can. Bronze	37½c	Nov. 1	Oct. 20
Do., pref.	$1.25	Nov. 1	Oct. 20
Can. Bk. of Comm.	$2	Nov. 1	Sept. 30
Coast Brew.	3c	Nov. 1	Oct. 7
Commonwealth Int'l.	4c	Nov. 15	Oct. 14
Can. Inv. Fd., sp. and ord.	4c	Nov. 1	Oct. 18
Can. Investors	10c	Nov. 1	Oct. 18
Davies Pete.	1c	Nov. 1	Oct. 18
Dom. Tar, pref	$1.37½	Nov. 1	Oct. 18
Dom. Oilcloth	30c+10c	Oct. 31	Oct. 11
Distillers Seag., p.	$1.25	Nov. 1	Oct. 18
Dome Mines	50c	Oct. 20	Sept. 30
Dominion Bank	$2.50	Nov. 1	Oct. 20
East. Steel, pfd.	*25c	Oct. 2	Sept. 15
Gurd, C., pref.	$1.75	Nov. 15	Nov. 1
Hollinger Cons.	5c	Nov. 4	Oct. 21
Do., extra	5c	Nov. 4	Oct. 21
Humberstone Shoe	25c	Nov. 1	Oct. 13
Inter. Metal, pf.	$1.50	Nov. 1	Oct. 14
Do., A pref.	$1.50	Nov. 1	Oct. 14
Inter. Nickel, pfd.	$1.75	Nov. 1	Oct. 2
Imperial Bank	$2.50	Nov. 1	Sept. 30
Inter. Bronze	37½c	Oct. 16	Oct. 14
Do., pref.	37½c	Oct. 16	Oct. 14
Kerr Lake M.	10c	Oct. 20	Oct. 5
Kirkland Lake	4c	Nov. 1	Oct. 2
Do., extra	1c	Nov. 1	Oct. 2
Koot. Belle Gold	4c	Oct. 21	Oct. 14
Lake of W. M., p.	†$3.50	Nov. 1	Oct. 14
Mtl. L. H. & Pwr.	37c	Oct. 31	Sept. 30
Maple L. Gard., p.	70c	Oct. 26	Oct. 18
Mtge. Corp. N. S.	$1.50	Nov. 1	Oct. 24
Neon Pr. W. Can., p.	$1.50	Nov. 1	Oct. 16
Nor-Ont. Pwr.	60c	Oct. 25	Sept. 30
Do., pref.	$1.50	Oct. 25	Sept. 30
Orange Crush, p.	35c	Nov. 1	Oct. 16
Paterson, Wm., pf.	$1.75	Nov. 1	Oct. 20
Penmans	75c	Nov. 15	Nov. 6
Do., pref.	$1.50	Nov. 1	Oct. 21
Rob. Cons. Cone	25c	Oct. 2	Sept. 15
Royal Bank	$2	Dec. 1	Oct. 31
San Antonio G.	7c	Nov. 6	Oct. 20
Saguenay Pr., p.	$1.37½	Nov. 1	Oct. 16
South. Am. Gold	10c	Nov. 28	Nov. 14
Sullivan Cons.	3c	Oct. 31	Oct. 16
Do., bonus	1c	Oct. 31	Oct. 16
Steel of Can.	43¾c	Nov. 1	Oct. 6
Do., pref.	43¾c	Nov. 1	Oct. 6
Silbak Prem.	4c	Oct. 25	Oct. 5
South. Can. Pwr., c.	20c.	Nov. 15	Oct. 31
Sundance Rylts.	▲	Oct. 31	Oct. 20
Shawinigan W.	22c	Nov. 15	Oct. 20
Simpsons, pref.	$1.25	Nov. 1	Oct. 23
St. Law. Flour	25c	Nov. 1	Oct. 20
Do., pref.	$1.75	Nov. 1	Oct. 20
Simpson, Robt., pf.	$3	Nov. 1	Oct. 16
Toburn Gold	2c	Nov. 22	Oct. 21
Do., extra	2c	Nov. 22	Oct. 21
Tor. Elevators, pf.	66c	Dec. 7	Nov. 23
Union Gas	20c	Dec. 15	Nov. 20
United Corp., A	37c	Nov. 15	Oct. 31
Weston, Geo., pfd.	$1.25	Nov. 1	Oct. 14
W'minster Paper	25c	Nov. 1	Oct. 15
Wood, A. & J., 1 p.	$1.75	Nov. 1	Oct. 23
Zellers, pfd.	37½c	Nov. 1	Oct. 14

*Initial. †On arrears.
▲Rate not declared.

Dividends Deferred

Gachin Holdings, com., Oct. 1. Last paid $0.00¾ July 1, 1939.

DIVIDEND NOTICES

The Dominion Bank

Dividend No. 228

Notice is hereby given that a Dividend of two and one-half per cent upon the paid up Capital Stock of this Institution has been declared for the quarter ending October 31st, 1939. The dividend will be payable at the Head Office of the Bank and its Branches on and after Wednesday, the first day of November, 1939, to shareholders of record of the 20th October, 1939.

By Order of the Board.

ROBERT RAE,
General Manager.
Toronto, 14th September, 1939.

The Canadian Bank of Commerce

Dividend No. 211

Notice is hereby given that a dividend of two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 31st October, 1939, and that the same will be payable at the Bank and its Branches on and after Wednesday, 1st November next, to shareholders of record at the close of business on the 30th September, 1939. The Transfer Books will not be closed. By Order of the Board,

A. E. ARSCOTT,
General Manager.
Toronto, 22nd September, 1939.

San Antonio Gold Mines Limited

(No Personal Liability)

Dividend Number Twelve

Notice is hereby given that a dividend of seven cents (7c) a share on the outstanding capital stock of the company has been declared, payable November 6th, 1939, to shareholders of record at the close of business on the 20th day of October, 1939.

By order of the Board.

M. SNYDER,
Secretary.
Winnipeg, October 5, 1939.

The Bank of Toronto

Dividend No. 233

Notice is hereby given that a **Dividend of Two and One-half** per cent upon the Paid-up Capital Stock of this Bank has been declared for the current quarter, and the same will be payable at the Bank and its Branches on and after the first day of December next, to shareholders of record on November 15th, 1939.

By Order of the Board.

F. H. MARSH,
General Manager.

The Royal Bank of Canada

DIVIDEND NO. 209

NOTICE is hereby given that a dividend of two per cent (being at the rate of eight per cent per annum) upon the paid-up capital stock of this bank has been declared for the current quarter and will be payable at the bank and its branches on and after Friday, the first day of December next, to shareholders of record at the close of business on the 31st day of October, 1939.

By order of the Board.

S. G. DOBSON,
General Manager.
Montreal, Que., October 10, 1939.

SIMPSONS, LIMITED

Preference Dividend No. 34

NOTICE is hereby given that a Dividend of One Dollar and twenty-five cents ($1.25) per share on the Outstanding Paid-up Six and one-half per cent (6½%) Cumulative Preference Shares of the Company has been declared payable on November 1, 1939 to shareholders of record at the close of business on October 23, 1939. The transfer books will not be closed.

FRANK HAY,
Secretary
Toronto, October 18, 1939.

Toronto and Montreal Exchange

The Week's Quotations

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING OCTOBER 16

Range 1939 High	Low	Div R'te $	Oct14 Y'ld %		Sales	Last Oct. 9	Week end. Oct. 16 H	L	Cl'se
				A					
3⅞	1	.	...	Abitibi	9640	1⅞	1⅞	1⅞	1⅞
21½	3½	.	...	Do. pref. 6%	5510	15¾	16¾	15½	15¾
36	4	.	...	Do. pref. 7%	70	34	36	34	34½
4½	3⅞	30c	6.7	Acadia Sugar	25	4½	4½	4½	4½
5⅞	5⅞	30c	5.2	Do. pref.	....	(4½ bid — asked)			
6	2	.	...	Acme Glove	....	(6 bid 7 asked)			
*82	60		.	Do. pref.	....	(— bid 70 asked)			
11	9½	60+30	7.3	Agnew Surp.	195	10½	11	11	11
114	104	7	6.4	Do. pref.	5	110	105	105	105
4⅞	1	.	...	Alta. Pac. Gr.	1720	3⅞	4½	3⅞	4½
34	13	.	...	Do. pref.	580	27¾	34	27	32

Range 1939 High	Low	Div R'te $	Oct14 Y'ld %		Sales	Last Oct. 9	Week end. Oct. 16 H	L	Cl'se
23	17	1	4.4	Wilsils	530	22½	23	22½	23
2⅞	1	.	...	Winnipeg El. A	992	2½	2½	2	2½
2⅞	1	.	...	Do. (B)	21	2½	2½	2½	2½
11	6	.	...	Do. pref.	58	10⅞	10	10	10
67½	60	7	...	Wood, A. & J. p	60	64	67½	65⅞	67½
50	17½	.	...	Woods Mfg. pf.	....	(40 bid 50 asked)			
5	4	.	...	York Knitting	....	(5⅞ bid 7½ asked)			
100	100	7	7	Do. 1st pref.	....	(100 Jan. 4)			
9	7	.	...	Zellers	110	7½	8	8	8
25	22	1.50	6.7	Do. pref.	100	22	22½	22½	22½

Quotations: *1938. *1937.
▲On account of arrears. b New York quotations.
‡Plus extra of $2 paid Feb. 1, 1939.
†Interim.

Mining Stocks

Week Ending October 16.

Par Val.	Range 1939 High	Low	Company	Sales	Close Oct. 9 (or last)	High for week	Low for week	Close Oct. 16
			A					
1	.04	.01½	Afton	1,000	.01½	.01½	.01½	.01½
No	.65	.24	Aldermac	13,851	.40	.42	.39	.40
1	.01½	.00½	Alexandria	......	(.00½ bid .01 asked)			
1	.17	.04½	Amm. Gold	23,800	.05	.07	.05	.06
No	3.25	2.00	Anglo-Huronian	900	2.10	2.18	2.10	2.18
No	.02½	.01	Arno	......	(.01 bid .03 asked)			
1	.17½	.05½	Arntfield	10,800	.06	.06	.05½	.06
1	.10½	.04½	Ashley	100	.04½	.04½	.04½	.04½
1	.06½	.01	Astoria Quebec	4,509	.02½	.02½	.02½	.02½
1	2.87	1.65	Aunor Gold	20,599	1.86	2.94	1.85	1.98
			B					
1	.23	.06	Bagamac	......	(.06 bid .10 asked)			
1	.38	.15	Bankfield	5,800	.18	.20	.18	.18
No	.34	.10	Base Metals	7,550	.22	.25	.22	.22
1	.32	.05	Bear Exploration	2,200	.06	.06½	.06	.06½
No	1.40	.92	Beattie Gold	2,200	1.05	1.08	1.05	1.05
1	.16½	.07½	Beaufor	800	.15	.15	.15	.15
1	.30	.09⅞	Bidgood Kirk	9,300	.14	.15	.14	.14½
1	.35	.08	Big Missouri	500	.12	.11	.11	.11
1	.22	.05½	Bobjo	28,200	.07½	.08	.07	.07½
1	.12	.04	Bouscadillac G.M.	2,500	.05	.04	.04	.04
No	12.50	9.10	Bralorne	1,335	10.63	11.00	10.50	10.50
1	.08	.04	Brasil Gold	......	(.05 bid .06 asked)			
1	.03½	.01	Brett Trethewey	500	.01	.01½	.01½	.01½
1	.75	.19	Broulau Porc.	74,740	.23½	.31	.25	.28½
1	15.50	5.75	Buffalo Ankerite	2,125	8.00	8.50	8.00	8.25
No	.05	.02	Buffalo Can.	......	(.01½ bid .02 asked)			
5	28.00	17.75	Bulolo Gold	180	19.00	19.00	18.87	19.00
No	.11½	.02	Bunker Hill	11,000	.02½	.04	.02	.03
			C					
No	1.08	.48	Can. Malartic	3,400	.54	.60	.54	.57
1	.03½	.01	Capital Rouyn	1,500	.01	.01	.01	.01
1	2.40	1.70	Cariboo Gold	550	1.85	2.03	1.85	2.03
1	.06	.01½	Cartier Malartic	......	(.02 bid .03 asked)			
1	1.05	.50	Castle Trethewey	21	.60	.55	.50	.55
1	.25½	.09	Cen. Cadillac	3,500	.12	.12	.10	.11½
1	2.75	1.91	Cen. Patricia	4,805	2.15	2.35	2.18	2.33
1	.14½	.05	Cen. Porcupine	14,000	.06½	.06½	.06	.06
1	.25	.15	Century Mining	......	(.... bid .15 asked)			
1	1.39	.62	Chesterville	16,383	.65	.73	.65	.66
No	.88	.40	Chromium	45,310	.60	.73	.57	.73

Par Val.	Range 1939 High	Low	Company	Sales	Close Oct. 9 (or last)	High for week	Low for week	Close Oct. 16
1	4.70	3.75	Teck Hughes	6,450	3.85	4.00	3.85	4.00
1	.14½	.04½	Temiskaming	1,500	.05	.05	.05	.05
1	2.30	1.25	Toburn Gold	......	(1.60 bid 1.65 asked)			
1	.44	.19	Towagmac	900	.30	.30	.26	.30
1	1.65	.65	Uchi Gold	4,100	.75	.85	.75½	.80
...	97.75	86.00	Do., Bonds	8,500	87.00	90.00	90.00	90.00
1	.60	.52	Upper Canada	20,549	.52	.60	.53	.60
No	5.80	3.75	Ventures	1,785	4.15	4.20	4.10	4.10
No	8.25	5.00	Waite Amulet	4,481	5.80	6.30	5.75	6.20
1	.15	.06½	Wendigo	500	.09½	.06½	.06½	.06½
No	.01½	.00½	White Eagle	......	(.00½ bid .01 asked)			
1	.08½	.01½	Whitewater Mines	500	.05	.06	.06	.06
1	.08½	.02	Wiltsey Coughlan	1,000	.02½	.02	.02	.02
1	.19	.08	Wood Cadillac	18,100	.10	.14	.11½	.14
No	8.90	6.70	Wright-Hargreaves	11,303	7.35	8.00	7.45	7.80
No	.09	.03	Ymir Girl	1,000	.04½	.04½	.04½	.04½

Oil Stocks

Par Val.	High	Low	Company	Sales	Close Oct. 9 (or last)	High for week	Low for week	Close Oct. 16
No	.10	.04	Acme Gas & Oil	......	(.06½ bid .07½ asked)			
1	.30	.10	Alta. Pac. Cons.	830	.20	.29	.17	.25
1	.30	.15	Ajax	......	(.17½ bid .21 asked)			
No	1.52	.60	Anglo Canadian	10,125	1.10	1.10	1.06	1.07
No	.15½	.07½	Anaconda	......	(.10 Sept. 18)			
No	.21½	.06	Br. Dominion	5,100	.16½	.19	.15	.19
No	.33	.13	Brown Oil	6,100	.23	.25	.22½	.22½
100	65.00	35.00	Do., pref.	......	(.50 bid .63 asked)			
No	2.80	1.11	Calgary & Ed.	5,700	2.50	2.56	2.40	2.40
1	.65	.20	Calmont	3,500	.44	.45	.42	.43
No	.55	.24	Commoil	......	(.36 bid .40 asked)			
No	.36	.21	Common Pete	......	(.25 bid .27 asked)			
No	.75	.25	Dalhousie	1,000	.60	.60	.60	.60
No	.60	.18	Davies Pete	8,400	.32	.34	.31	.32
No	.13	.04½	East Crest	3,000	.07	.07	.07	.07
No	.27	.19½	Extension Oil	12,700	.23	.27	.25	.26
25c	.13	.07	Firestone Pete	2,000	.10	.10	.08½	.10
No	1.45	.40	Foothills	1,600	.70	.75	.70	.75
25c	.14½	.06½	Foundation Pete.	......	(.11 bid ... asked)			
50c	.08	.06½	Grease Creek Pete	......	(.08 Sept. 13)			
No	.20	.10	Hargal	100	.17	.18	.18	.18
No	.26	.08	High Sarcee	800	.21	.23	.23	.23
No	3.75	1.23	Home	22,730	2.75	2.89	2.73	2.75
1	.26½	.05	Homestead O.&G.	11,600	.06½	.07½	.06½	.07½
No	.23	.08	McD. Segur	......	(.15 bid ... asked)			
No	.07	.03	Merland	......	(.03 bid .05 asked)			
1	.48	.20	Model	......	(.25 bid .35 asked)			
25c	.12½	.06	Monarch Royalties	......	(.08 bid ... asked)			
1	.13	.04	Nordon	100	.06	.06½	.06½	.06½
No	.03½	.01½	Oil Selections	500	.02½	.02½	.02½	.02½
No	1.73	.67	Okalta	2,250	1.28	1.35	1.26	1.30
1	.12	.03	Pacalta	......	(.06 bid .07 asked)			
1	.30	.25	Petrol Oil & Gas.	......	(.25 bid .50 asked)			
25c	.25	.17	Prairie Royalties	......	(.22½ bid .24 asked)			
No	45.63	26.00	Royalite	155	40.00	40.50	39.50	40.50
No	.75	.25	South West Pete.	......	(.40 bid ... asked)			
No	.11½	.04	South End	......	(.05 bid .10 asked)			
No	1.30	.60	Texas Can.	350	1.00	.95	.90	.90
No	.15½	.07	United Oils	200	.09½	.09	.09	.09
No	1.00	.45	Vulcan	100	.60	.55	.55	.55
No	.08½	.04	West Flank	......	(.04 bid .06½ asked)			

Vancouver Stocks

Par Val.	High	Low	Company	Sales	Close Oct. 9 (or last)	High for week	Low for week	Close Oct. 16
1	.30	.10	Big Missouri	3,500	.11	.12	.11½	.12
25c	.01½	.01	Bluebird	......	(.00½ bid ... asked)			
No	12.50	9.00	Bralorne	1,829	10.60	10.80	10.00	10.40
1	.03½	.02	Bridge River Cons.	......	(.02 Aug. 24)			
1	2.40	1.70	Cariboo Gold	1,165	1.85	2.00	1.95	2.00
No	.06½	.01½	Dentonia	1,000	.01½	.02	.02	.02
No	.07	.01½	Fairview Amal.	1,000	.01½	.02½	.02½	.02½
1	.01½	.00½	Federal Gold	1,000	.01	.00½	.00½	.00½
1	.40	.20	George Copper	......	(.25 bid .30 asked)			
1	.10	.03	Golconda	1,000	.08½	.08	.08	.08
50c	.62	.15	Gold Belt	2,900	.27	.31	.31	.31

Oil Quotations

Par Val.	High	Low	Company	Sales	Close Oct. 9 (or last)	High for week	Low for week	Close Oct. 16
No	.11½	.02½	South End	2,000	.05	.05½	.05½	.05½
No	.75	.25	Southwest Pete	250	.50	.42	.42	.42
1	.12	.04	Spooner	......	(.06 bid ... asked)			
25c	.41	.30	Sunset Oil	......	(... bid .40 asked)			
No	.16	.06½	United	2,150	.11	.10½	.10	.10
No	.13	.04½	Vanalta	500	.08	.07½	.07½	.07½
1	.90	.35	Vulcan	400	.55	.55	.55	.55
No	.07½	.05	West Flank	......	(.05 Aug. 12)			

Winnipeg Stocks

(Transactions from Oct. 9 to Oct. 14)

	Sales	High for period	Low for period	Close Oct. 14
Beresford Lake	2,000	.16	.16	.16
Canadian Fire	5	83.50	83.50	83.50
Central Manitoba	8,500	.04¼	.03¾	.04
Dominion Envelope, pref.	10	96.00	96.00	96.00
Federal Grain	600	2.50	2.50	2.50
Do., pref.	130	39.00	36.50	38.50
Flin Flon	6,000	.01	.01	.01
Gurney Gold	9,000	.03	.01¾	.01¾
Ore Grande	1,300	.04	.03	.04
Shenango	2,000	.04¾	.04¼	.04¼
Sachigo River	200	6.25	5.75	5.75
Scotia Gold	1,000	.01	.01	.01
Steep Rock Iron	200	1.50	1.50	1.50
United Grain	4	6.00	6.00	6.00
Western Breweries	50	1.45	1.45	1.45
Western Grain, pfd.	60	9.25	8.00	9.25
Western Steel	135	10.00	9.00	9.50
Wings	400	.30	.30	.30

Stocks Not Traded in During Week*

	Bid	Asked		Bid	Asked
Beaver Fire	75	..	N. Can. Mtge., pf.	2½	..
Beav. Lumber, c.	2¼	..	North. Mtge.	1½	..
Do., pref.	..	97	North. Trusts	6	..
Can. Indemnity	125	..	Traders Bldg.	55	..
Dom. Envelope	2	3	Rel. Grain, pf.	41½	..
Home Invest.	10	13			

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Oct. 17	101,400	47,900	404,000	62,932
Oct. 16	49,800	12,800	191,000	34,279
Oct. 16	19,800	15,000	114,000	39,673
Oct. 13	72,700	36,400	330,000	48,219
Oct. 12	73,100	36,600	447,000	53,910
Oct. 11	62,200	45,600	196,000	65,313

Government Bonds

Oct. 17, 1939 (Supplied by Investment Dealers' Assoc. of Canada)

Dominion of Canada Bonds

%	Due	Bid	Ask	Approx. Yld.
1½	June '40	99⅞	100½	.75
4½	Sept. '40	102½	103	1.20
1	Mar. '41	99	99⅞	1.15
5	Nov. '41	106	106⅞	1.62
1½	May '42	98½	99½	1.80
2	June '42	100	100⅞	1.70
3	Oct. '42	102½	103	1.96
2½	June '43	100½	101½	2.12
5	Oct. '43	108½	109½	2.35
2	June '44	98½	99⅞	2.17
a2½	Jan. '44	94⅞	95½‡	3.33
4½	Oct. '44	108	108⅞	2.61
2½	Nov. '44	99⅞	100½	2.40
a2½	Aug. '45	94½	95½‡	3.35
4	Oct. '45	104	104⅞	b2.74
4½	Feb. '46	108½	109½	2.86
3½	June '49	99½	100½	b3.20
3½	Oct. '49	100½	101½	b3.23
3½	Nov. '51	98½	99	3.35
a5	May '52	102½	‡103½	b3.52
4	Oct. '52	103⅞	104½	b3.55
3	June '55	94½	95½	3.39
4½	Nov. '56	106½	107	b3.37
4½	Nov. '57	106⅞	107½	b3.41
3	June '58	93⅞	94½	3.40
4½	Nov. '58	107½	108	b3.45
4½	Nov. '59	107⅞	108½	b3.49
a4	Oct. '60	93½	94½‡	4.40
a3½	Jan. '61	87½	88½‡	4.06
3½	June '66	95⅞	96½	3.45
a3e	Jan. '67	84½	85½	‡3.86
a3e	Nov. '68	84½	85½‡	3.85
a3†	Perpet'l.	87½	88	3.41

Dominion Guaranteed Bonds
Can. Nat'l. Railways:

%	Due	Bid	Ask	Approx. Yld.
2	Feb. '43	99	99⅞	2.06
2½	Jan. '46	96½	97½	2.73
3	May '44	101½	102½	2.47
3	Dec. '50	95½	96½	3.36
3	Feb. '53	94½	95½	3.41
3	Jan. '59	93½	94½	3.41
*4½	Sept. '51	110½	111½	3.35

%	Due	Bid	Ask	Approx. Yld.
*4½	Feb. '56	111	112	3.53
c4½	July '37	111	112	3.59
*4½	June '55	113½	114½	3.57
5	Feb. '54	113½	114½	3.70
*5	July '69	111⅞	112⅞	b3.06
*5	Oct. '69	114½	115½	b3.57
*5	Feb. '70	114½	115½	b3.61

Provincial Gov't. Bonds

%	Due	Bid	Ask	Approx. Yld.
New Brunswick:				
3	Oct. '51	86½	88½	4.22
3½	Aug. '49	90	92	4.24
3½	June '56	89	92	4.18
c4	Nov. '47	98	100	4.00
c4½	Apr. '61	102	104	4.22
c5	Jan. '60	105	107	4.47
Nova Scotia:				
3	Jan. '52	92	94	3.60
3½	June '56	94	96	3.57
3½	Nov. '50	97½	99½	3.55
c4½	Sept. '52	104	106	b3.62
c4½	Nov. '60	105	107	4.00
c5	Mar. '60	108	111	4.20
Ontario:				
2½	May '45	97	99	2.70
3	Apr. '48	96	98	3.27
3	Nov. '50	95	97	3.32
3½	Nov. '51	97	99	3.35
*4	June '62	101	103	3.80
4½	June '50	107½	109	3.50
*4½	Jan. '62	107½	109½	3.86
5	Oct. '48	110	112	3.44
*5	Dec. '60	113½	115½	3.92
5½	July '46	111½	113	3.31
Ont. Hydro Commission:				
3	Aug. '48	96	98	3.26
3½	Feb. '53	97	99	3.35
3½	Apr. '47	99½	101	3.35
Prince Edward Island:				
3	Oct. '45	95	98	3.36
Quebec:				
3	Nov. '51	87½	89	4.17
3½	Mar. '48	91½	93½	4.17

%	Due	Bid	Ask	Approx. Yld.
3½	June '52	88	90	4.26
4	Mar. '52	96	98	4.20
4½	Aug. '58	97	99	4.32
4½	Jan. '63	101	103	4.30
Alberta:				
4	Dec. '54	59	64	d
4½	Oct. '51	64½	68½	d
c4½	Oct. '56	62½	66½	d
*5	Oct. '59	63½	67½	d
c5½	Apr. '52	64½	68½	d
6	Mar. '47	67	71	d
British Columbia:				
c4	Dec. '37	94½	97½	4.20
*4½	Jan. '51	98	101	4.39
c4½	Oct. '53	98	101	4.40
c5	Apr. '54	100½	103½	4.66
5½	Feb. '45	101	104	4.62
6	Feb. '47	103	106	5.00
Manitoba:				
c4	Dec. '37	83	87	5.10
c4½	Dec. '56	87½	91½	5.25
*5	Dec. '59	91½	95½	5.36
5½	Oct. '55	95	99	5.60
6	Apr. '47	98½	102½	5.59
Saskatchewan:				
4	Sept. '54	67	71	7.20
4	Nov. '60	66½	70½	6.62
c4½	Oct. '51	76½	80½	6.92
c4½	Mar. '60	73	77	6.35
5	Aug. '58	78½	82½	6.63
5½	Oct. '52	81	85	7.30
6	Mar. '52	84	88	7.50

*Payable Can., N.Y. & £. b—Calculated to call date giving lowest possible yield. c—Payable Can. & N.Y. a—Payable N.Y. †Callable on or after Sept. 15, 1966. d—Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e—Callable at a premium. ‡N.Y. funds.

Unlisted Stocks

Oct. 17, 1939 (Furnished by A. J. Pattison Jr. & Co., Toronto)

Industrials:	Bid	Ask.
Acme Farm., p.	15	..
Andian National	35	38½
Anglo C. Tel., A.	8	8⅞
Barrymore, pfd.	19	..
B. C. Pulp, c.	20	24
Do., pfd.	53	..
B. C. Sugar	87	..
Burns & Co., A	7	8
Do., B	3½	4
Canada Tea, pf.	20	24
Can. Co-op. W'l.	6½	..
Can. G'drich, c.	1½	..
C. I. L., A c.	232	..
Can. Ing. Rand	135	140
Can. Tube, 1st p.	70	75
Chase, A. W., p.	25½	26½
Claude Neon, p.	4½	5½
Cons. Sales B., p	..	78
Cope. Flour Unit	7½	..
Dom. Wooll's, p.	6½	7½
Dunlop Tire, p.	21½	22½
Easy Washing, p	7⅞	8½
Fed. Grain, pfd.	38	40
Do., com.	2⅞	2⅞
Goderich Elev.	8½	8⅞
Guard. Realty, p	13	17½
Guelph Carp., p.	98	101
Do., com.	11½	..
Hayes Steel, c.	18	20
Do., pfd. ($10)	10	11
Hi'land Dairy, p.	72	..
Do., com.	2	..
Kingston Sh., un	15	20
Loblaw Inc., c.	10⅞	10⅞
Morrison Br., un	4	..
M'row Screw, p.	98	..
Mt. Royal H., p.	2⅞	3½
Neilson, Wm., c.	8	..
Do., pfd.	102½	..

	Bid	Ask.
N. B. Tel., c.	11½	12½
N. Meth. Ldy., p	63	68
Office Spec., p.	71	..
Ont. Tob., pfd.	20	23
Paterson Wm., p	103	..
Prov. Paper, pfd	101½	..
Reliance Gr., pf.	47½	52½
Rob'tson P. L., p	90	..
Rob. Cons. Cone	7⅞	8½
Ruddy, E. L., p.	27	30
Seal O Sac (Can)	3½	3⅞
Stand. Fuel, c.	1½	..
Do., pref.	46	50
Stedman p. ($50)	53	..
Tor. Carpet, c.	18½	22
Do., pfd.	53	50
Un. F. Co-op.	2⅞	2⅞
Un. Steel, A pf.	23	24
Viceroy, p. & rts	23	24
West. Grain, pf.	8	..
West. Steel, c.	8½	10
Weston Hold.	..	6
Trusts & Loan Stocks:		
Brit. Mtge.	150	154
Com. Fin., c.	2⅞	2⅞
Guaranty Tr.	96	100
Guelph & C., $50	52	55
Lambton Loan	30	35
London & West.	38	42
Sherbrooke Tr.	120	..
Sterling Tr.	52	60
Traders Fin., B c	9	11
Do., A pfd.	72	..
Trusts & Guar.	27	28
Waterloo Trust	99	..
Insurance Stocks:		
Brit. Amer.	54	60
Canada Life	450	475
Confed., 30% pd.	145	152

	Bid	Ask.
Crown, fully pd.	260	..
Dominion Fire	134	..
D. of Can. Gen.	105	120
Empire, 25% pd.	5	7
Excelsior Life	55	59
Federal, 25% pd.	50	53
Great-West Life	205	220
Halifax Fire	19	21
Imperial Life	265	295
Manufac. Life	220	230
Monarch 10% pd	22	24
Sov. L., 25% pd.	14	..
Sun Life	335	355
Tor. General	5½	6
Wellington F.	58	62
Western Assce.	48	51
Theatre Stocks:		
Allens, King., p.	..	63
Do., London, p	..	54
Do. St. Cath. p	..	55
Do., Tor., p. c.	..	33
Mansf. Theat., p	27	31
Para., Kitch., p.	50	54
Do., Oshawa, c	9½	12
Investment Trust Shares:		
Can. Investors	5½	6½
Deb. & Sec., pf.	70	..
Inv. Found. Unit	55	57½
Sec's. Hold., pf.	18	19½
United Corp., A	21	23
Do., B	13	14
Power Issues:		
Can. W. N. Gas	25	..
Do., pfd.	97½	99
Int. Util., 1.75 p.	15	17½
Do., 3.50 pfd.	34	36½
Gt. Lakes Pr., p.	97	100
Mtl. Is. Pwr., p.	20	24
Nor. Ont. Pr., p.	91	95

Unlisted Mines

Toronto, Oct. 17, 1939

	Bid	Ask
Addington	.04	.05
Albany R	.16	.18
Amorada	.02½	.03½
Anoki	.06	.08
Arjon	.01½	.02½
Armistice	.01	.02½
Argosy	.03	.04
Arno	.01	.02
Area	.04	.04½
Athona	.03	.03½
Barb Lard	.02	.03
Ber Lake	.19	.22
Big Master	.01½	.02½
Bounty	.19	.21
Bilmac	.02	.03
Cald Bous	.02	.03½
Cap Rouyn	.00⅞	.01½
Cen Man	.03½	.04
Cheminis	.04	.04½
Cochenou	.47	.50
Coin Lake	.04½	.05½
Crescent	.03½	.04½
Crowshore	.05	.08
Dawson	.01	.01½
Dayton	..	.03
Delnite	.75	.85
De San N	.12	.15
Dona Pat	.09	.11

	Bid	Ask
Donwood	.06	.08
Dumico	..	.04½
Elmos	.09	.11
Faulkenha	.01	.02
Frontier	.01½	.02½
Franco	.42	.44
Galore	.02	.03
Gate Pat	.00½	.01½
Gold Gate	.19	.20
Granada	.02	.03
Halnor	6.00	6.75
Hiawatha	.50	.60
Hislop	.00⅞	.01½
Hoyle N	.17	.19
Hu Pa Por	.03½	.04½
Hutch Lak	.02	.03
Jason	..	.36
Keora	.03	.04
Kaw Crow	.01	.02
Kenricia	.10	.14
Kewagama	.01½	.02½
Kiena	.09	.11
Kirk Gate	.01½	..
L Dufault	.25	.27
L Geneva	.12	.15
Lardego	.02	.02½
Low Pete	.40	.45
Mag Cons	.57	.60

	Bid	Ask
Mag Lake	.11	..
Mart Bird	.03½	.04
Margaret	..	.11
Mat Can	.04	.05
Mo Hall N	.02	.03
Mooshla	.02	.04
Mosher	.07	.07½
Mylamaqu	.00½	.01½
Nat Mal	.22	.24
Negus	.60	..
N. Ribago	.02	.02½
Nick Off	.70	.80
Norbeau	.27	.35
Norlake	.01	.02
N Am. M.	1.20	1.25
Oklend	.07½	.08½
O'Lear Ma	.01	.02
Olga	.00⅞	.01½
Opemiska	.06½	.07
Oriole	.01	.02
Orpit	.02	.04
Ossian	.01	.01½
Pascalis	..	.30
Payore	.01½	.02½
Pho Mol	.11	.13
Pon Rou	..	.10
Paulore	.01½	.01½
Pelanglo	.01½	.02

	Bid	Ask
Polaris	.37	.40
Privateer	.88	.92
Proprieta	1.65	1.70
Presdor	.01½	.02
Que Man	.08	.09
Ran Mal	.06	.07
Rah Lake	.23	.25
R L Gold	.01½	.02½
Rhy Rou	.01	.01½
Rose Gold	.05	.07
Sach Riv	5.00	6.00
Shenango	.04	.05
Sheldon	.02½	.05
Sis Ext	.01	.02
Skynner L	.04	.05
Smelter	.01½	.02½
Spooner	.02½	.05
Steep R	1.55	1.60
Sunbeam	.07	.10
Springer	.07	.09
Tohm L	.14	.16
Un Mining	.04½	.05½
Walk Pat	.01½	.02
W L Lac	.12	.14
Westwood	.02	.03
Win C Rts	.04½	.05
Woco	.09	.11
Y David	.28	.30

Montreal, Oct. 17, 1939

	Bid	Ask		Bid	Ask		Bid	Ask		Bid	Ask
Abbeyv'e	.04	.05	L Lag'n	.03	.05	Obalski	.02	.03	Tiblem't I	.02	.03
Brown B	.01	.02	L Rowan	.03	.04	Pan Can	.03½	.04½	Valdor M	..	.05
Chibmac	.01	.02	Leroy	..	.01	Routh'r C	..	.03	Warren'c	..	.05
Demp'y	.01	.02	Louvre	..	.01½						

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

October 17, 1939

Public Utility Issues:	Int. Rate %	Due	Bid Oct. 17	Asked Oct. 17	Bid Oct. 10
†Assoc. Tel. & T.	5½	'55	77	81	77
Beauharnois P.	5	'73	98½	102½	98
B. C. Power	4½	'60	98½	102½	97
B. C. Tel.	4½	'61	102½	106½	101
†Calgary Pwr.	5	'60	101½	105½	100½
Do.	5	'64	99	103	98½
†Can. Nor. Pwr.	5	'53	102½	106½	101½
*Dom. Gas & El.	6½	'45	96	100	95
Gatineau Pwr.	5	'49	101½	105½	100
Do., A	3½	'69	95	99	94
Gt. Lakes Pwr.	4½	'56	94	..	94
*Int. Hydro-E.	6	'44	82	86	81½
▲Inter. Power	6	'55	97	101	97
Macl'n-Que. Pr.	4	'59	94½	98½	94
Mtl. L. H. & P.	3½	'56	96	100	94
Do.	3½	'73	93	97	..
†Mtl. Tramways	5	'41	94½	98½	93
†Do.	5	'55	69½	73½	67
Nat. Lt. & Pwr.	6	'49	92½	96½	92
N. S. Lt. Pr.	4	'57	97	101	96½
Ottawa H. & P.	4	'57	98	102	98
Ottawa V. Pwr.	5	'59	101½	105½	99
†Power Corp.	4½	'59	94½	98½	93
Quebec Pwr.	4	'62	98½	102½	96½
*Saguenay P., B	4½	'66	99	103	99
Shaw. W. & Pr.	4	'61	98	102	96½
Union Gas	4½	'50	99	103	97½
United Secs.	5½	'52	67	71	64
†Wpg. El., ser. A	4	'65	73	77	69½
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	63	67	62
Acadia Sugar	4½	'55	98	102	98
†Alta. Pa. Grain	6	'46	98	102	95
Atlantic Sugar	4	'51	97½	101½	97½
†B. C. P. & Pap.	6	'50	74	78	75
*Brown Co.	5½	'46	52	56	52
Burns & Co.	5	'58	59½	63½	59
Canada Bread	6	'41	105	109	105
Canada Cement	4½	'51	99½	103½	99
Can. Paper	4½	'52	97	101	...
Can. Steamship	5	'37	91	95	88
Can. Canners	4	'51	99	103	99
*Can. Int. Paper	6	'49	97½	101½	98
†Candn. Vickers	6	'47	73	77	69
C. P. R.	3½	'51	83½	87½	..
Do.	4	'49	89	93	..
Do.	4½	'44	93	97	..
†Consol. Paper	5½	'61	58½	62½	58
Dom. Coal	4½	'52	99	103	..
▲Dom. Stl. & C.	6½	'55	112	116	110
Dom. Tar	4½	'51	98½	102½	97½
†Donnacona P.	4½	'56	78	82	73½
Famous Players	4½	'51	96	100	95
†Federal Grain	6	'49	98	102	95
†Fraser Cos.	6	'50	97½	101½	97
Gen. Stl. Wares	4½	'52	97	101	95
*Great Lakes P.	5	'55	88	92	86
†Gypsum, Lime	5½	'48	96½	100½	93½
Ham. By-Pr. C.	5	'55	98½	102½	96
Lake St. J. P.	5½	'61	84½	88½	85½
†Maple Leaf M.	3	'38	73½	77½	71
Massey-Harris	4½	'54	91	95	91
McColl-Fron.	4½	'49	98	102	96
McCormick's	4	'52	84	88	83½
*M. & O. Paper	6	'45	44½	48½	43
N. S. Stl. & Co.	3½	'63	84	88	83
Price Bros.	5	'57	95½	99½	94
*Prov. Paper	5½	'47	99½	103½	99
Reliance Grain	4½	'52	94	98	88½
†Restigouche Co.	6	'48	97	101	95
Rolland Paper	4½	'51	97	..	..
Simpsons Ltd.	4½	'51	96½	100½	96
Smith, Howard	4½	'51	99	103	98
†Steel of Can.	6	'40	110	114	108
*United Gas	5½	'48	100	104	100
United Gr. Grs.	5	'48	97	101	95
†Western Grain	6	'49	42	46	39

*Payable in Can. or U. S.
†Payable in Can., U. S. or U. K.
▲Payable in Can. or U. K.
*Payable in U. S. only.

Municipal Bonds

Oct. 17, 1939

†Halifax	5	1961	106.00	108.00	4.43
Hamilton	5	1950	106.50	108.50	4.00
Montreal	5	1945	95.00	97.00	5.65
Ottawa	4½	1945	103.85	105.85	3.35
†Quebec	5	1959	103.00	105.00	4.61
Saint John	5	1950	104.00	106.00	4.34
†Toronto	4½	1955	106.75	108.75	3.75
†Vancouver	5	1950	95.00	100.00	5.00
Winnipeg	5	1944	98.00	103.00	4.33

†Payable Can. and N.Y.

Investment Trusts

	Bid	Asked
Affiliated Fund	3.98	4.35
Can. Inv. Fund ex-div.	4.10	4.50
Can. Amer. Trust	3.70	4.10
All Can. Trustee	12.25	13.00
Grouped Income	5.60	6.15
Trans Canada	13.10	14.30

Mining Dividends

		Close Oct. 16	Yield %
Beattie Gold	15c	1.05	14.2
Bralorne	80c+40c	10.50	*11.4
Buffalo Ankerite	$1	8.25	12.2
Bulolo Gold	$3	19.00	15.7
Can. Malartic	9c	.57	15.8
Cariboo Gold	16c+5½c	2.03	*10.7
Central Patricia	16c+5c	2.33	*9
Coniagas	25c	1.60	..
Coniaurum	15c	1.35	..
Cons. Smelters	$1+$1	51.00	*3.9
Dome Mines	$2	28.00	7.2
Falconbridge	30c	4.80	6.2
God's Lake	†5c	.46	..
Goldale	†2c	.18	..
Gunnar Gold	6c	.49	12.2
Hollinger	65c+45c	14.25	*7.7
Howey Gold	3c	.30½	..
Hudson Bay	$1.50	32.00	4.7
Inter. Mining	40c	9.87	4.1
Inter. Nickel, com.	$2	48.50	4.1
Island Mountain	10c	.85	11.8
Kerr Lake	15c	.30	..
Kirkland Lake	8c+2c	1.23	*8.2
Kootenay Belle	16c+4c	.73	..
Lamaque Gold	40c+17c	6.35	*9
Lake Shore	$4	36.25	..
Lava Cap M.	11c	.75	..
Leitch	8c	.74	10.8
Little Long Lac	30c	2.90	10.3
Macassa	20c+7½c	4.00	*6.8
McGillivray Coal	3c	.21	..
McKenzie Red Lake	12c	1.17	10.2
McWatters	10c	.60	..
Moneta	12c	.87	13.8
McIntyre Porc.	$2	52.75	3.8
Nipissing	15c	1.20	..
Noranda	$4	75.50	5.3
North Empire	80c	7.50	10.7
O'Brien Gold	20c	1.80	..
Pamour Porc.	8c	1.90	..
Pato Cons.	10c	2.10	..
Paymaster	2c	.33	..
Perron Gold	16c+1c	1.80	*9.4
Pioneer, B.C.	40c	2.25	..
Pickle Crow	40c	4.30	9.3
Placer Develop.	$1.30	10.00	13
Premier	12c	1.35	8.8
Privateer Mine	20c+2c	.90	..
Powell Rouyn	†5c	1.70	..
Quebec Gold	†2c	.30	..
San Antonio	14c	1.77	8
Sheep Creek	16c+3c	1.12	*17
Siibak Prem.	16c	1.10	14.5
Siscoe	12c	.91	..
Sudbury Basin	5c	2.05	..
Sullivan Cons.	6c+1c	.80	*8.7
Sylvanite Gold	20c+5c	3.00	*8.3
Teck-Hughes	40c+5c	4.00	*11.2
Toburn	8c+8c	1.50	*10.6
Venturas	15c	4.10	..
Wright-Harg.	40c+30c	7.80	*9

*Yield including bonus. †Initial.

Public Utility Earnings

Mexican Light and Power

August	1939 $	1938 $	Decr. $
Gross earn.	550,109	618,847	68,738
Oper. exp.	454,073	483,995	29,922
Net earn.	96,036	134,852	38,816
Eight Months			
Gross earn.	4,710,204	5,350,975	640,771
Net earn.	742,831	1,430,376	687,545
August	1939	1938	Decr.

Montreal Power Profits Slightly Ahead of 1938

From Our Own Correspondent

MONTREAL. — Montreal Light, Heat & Power Cons. gross and net earnings for the nine months ended Sept. 30 are reported to show a slight improvement over the corresponding months of 1938. Earnings from the electrical division were up, but gas revenues were off slightly from a year ago.

Fixed charges were lower this year, as were ordinary operating expenses, but an increase in taxes combined with certain non-recurring items brought about an increase in total expenses.

Indications at this time are that the company will show net earnings for 1939, of between $1.95 and $2 a share.

Week in Mining

Mines' Policies in Doubt As Gold Sells at $38.50

Treatment of Lower Grade Ore May Result With Higher Price for Gold — Rising Costs Could Change This Tendency

Canadian gold mines may change their mining policy with the rise in the price of gold from $35 to $38.50 an ounce, Canadian funds. While mines can realize greater profits by treating the usual grade of ore, a lower grade may now be sought in order to stabilize profits.

If no change is made in grade treated, perhaps half of any excess profit realized will be taken by the new excess profits tax. Treatment of lower grade ore will not only stabilize profits for the shareholder, but would have the effect of lengthening the life of the gold mines.

Of course, rising costs of wartime will affect the policy pursued by the gold mines. If operators wish to stabilize profits, grade may be raised to offset rising costs. Certain mines can treat lower grade ore more readily than others and this also influences policy.

In fact, mines such as Pickle Crow find little flexibility in the grade of ore milled. Others, such as the Porcupine mines, find lower ore values extending into the wall rock which may now be mined out, if desired. Some mines follow a policy of milling all the ore that can be treated at a profit of over so many cents a ton and with a higher price for gold these mines will naturally treat ore with a lower gold content.

* * *

New Gold Finds

The new gold finds in the Heenan township area, about 12 miles northwest of the Opeepeesway Lake operations of Jerome Gold Mines, continue to create considerable interest. The staking, now totalling over 200 claims, is extending into two other townships, Dore on the west and Marion to the east. Apart from the original discoveries, not much work has been done, but free gold has been disclosed on the Amorada Gold Mines and Burke properties, and other claims reveal promising indications.

Sudbury interests have acquired holdings in between the Amorada and Burke and south of the latter, and arrangements are being made for early exploration. The most advanced work has been done on the Amorada, the main showing being a wide zone, heavily altered and carbonated. Most of the work on the Burke group has been performed on a quartz vein in the iron formation.

* * *

Oakes Offers Airport

From Niagara Falls comes the announcement that Sir Harry Oakes, Canadian mining millionaire, has offered his private airport on the Niagara River, to the Department of National Defense. The airport is situated just south of Chippawa, contains 400 acres, and is sodded and tile drained. It could be placed in first-class condition with minimum outlay. The offer was taken under consideration.

At least two other Canadian mining men have made offers to the Government in connection with provision of air facilities.

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W. Hargreaves Profits Hold Reserves Rise

Major Programme of Outside Exploration is New Departure

Higher ore reerves, practically unchanged profits and record working capital feature the annual report of Wright-Hargreaves Mines for the fiscal year ended August 31, 1939.

Ore reserves at the end of the fiscal period totalled 1,516,951 tons averaging $18.41 per ton. Based on 436,250 tons of ore milled in 1939, reserves are sufficient for over three years' milling requirements. The 1939 reserve figure compares with 1,470,772 tons averaging $18.58 a ton on Aug. 31, 1938. While average grade dropped 17 cents a ton during the year, total gold content gained almost $600,000.

Net profit for the 1939 year amounted to $4,044,338 against $4,088,445 in the preceding year. Earnings were equivalent to 74 cents a share in both 1938 and 1939. Working capital touched a new peak at $4,771,819 on Aug. 31, 1939, over $100,000 higher than the 1938 figure, which was also a record.

"Directors have decided on a major programme of outside exploration which is a departure from our policy heretofore," states President Edwin Lang Miller in his remarks to shareholders.

Seventy-six properties were sampled during the year with work continuing on three which have been optioned.

Development at depth off No. 5 winze was handicapped by raising for ventilation openings. As this work has been practically completed, greater work at depth is expected during the present year.

Production for the year ended Aug. 31, 1939, was $7,828,494 compared with $7,933,104 the previous year. Average recovery was down slightly at $17.95 a ton compared with $18.15 in 1938.

Income and Surplus Account
Years Ended Aug. 31

	1939 $	1938 $
Bullion production	7,828,494	7,933,104
Less: Devel. & hoist	1,560,421	1,593,547
Milling	929,586	940,262
Gen. mine exp.	128,591	133,141
Stock transfer chgs.	27,718	27,875
Taxes	712,000	670,000
Gen. & admin. exp.	354,779	357,333
Net oper. earnings	4,115,399	4,210,946
Add: Interest	40,542	41,641
Discounts earned	3,073	2,785
Surface rights	56,300	450
Total net earnings	4,215,314	4,255,822
Less: Depreciation	170,976	167,377
Net profit	4,044,338	4,088,445
Less: Dividends	3,876,188	3,862,143
Surplus for year	168,150	226,302
Add: Prev. surplus	4,660,323	4,592,021
Less: Adjust. inc. tax	15,967	
Develop. undis. w/o	134,000	158,000
Surplus forward	4,678,506	4,660,323
Earnings per Share and Dividend Record:		
Earned	$0.74	$0.74
Paid	0.40+0.30	0.40+0.30

Working Capital
As at Aug. 31

	1939 $	1938 $
Current assets	6,513,587	6,437,969
Current liabilities	1,741,768	1,767,698
Working capital	4,771,819	4,670,271

Cochenour Willans Near Debut

Modern 150-ton Mill Should Start Before Year End With 3 Years' Ore

Gold mining in the Red Lake area will receive an added impetus with completion of Cochenour-Willans Gold Mines 150-ton mill, now expected before the year end.

Original mill construction estimates called for production by Jan. 1, 1940, but work has advanced considerably ahead of schedule. With mild weather probably holding for only another two weeks, mill machinery can be delivered to the property and no delay should be experienced in reaching production.

Development at the mine is well in hand and feeding the mill with ore should be no problem. Lateral work has been suspended for the time being to allow shaft sinking, but will be resumed before the mill turns over.

Three Years' Ore

Upward of 150,000 tons of ore are indicated above the 275-ft. level which officials estimate will average $14 a ton.

At 150 tons daily, reserves are sufficient for about three years' milling requirements. Ore bodies have not been delimited on either level and further work should add to ore resources without allowing anything for depth possibilities.

While the mill is of 150 tons capacity, equipment can be readily stepped up to 200 tons daily. The 200-ton rate may even be realized without installing further equipment. Eventual enlargement to 350 tons daily could be carried out should ore disclosures warrant.

Recovery and Costs

Official estimates of values are conservative and results could exceed pre-production figures. It has been speculated that the ore reserves might yield close to $18 a ton in actual milling but officials prefer to quote $14 a ton, a figure they feel certain can be obtained. Milling of low grade rock could influence mill heads somewhat.

No statement on probable costs has been made by the management but operating costs of $5 a ton have been mentioned by the slide-rule experts. This estimate appears reasonable from experience of other mines in Red Lake. Write-offs and non-operating expenses will absorb about $2 a ton. The excess profits tax could take nearly half net profit if anticipated revision for new mines does not materialize.

Shipped Ore to Gold Eagle

Actual percentage recovery will not be known until after about six months' experimentation in the mill. Early this year, 4,959 tons of ore were shipped over the ice to the Gold Eagle mill. Gold content was approximately $100,000 and actual recovery $83,031.

Extraction in the Cochenour-Willans mill should be much better than this. Shipment of flotation concentrates may give extraction as high as 95%.

Actual shipments of ore gave the first real clue to average gold content of the ore bodies. They also provided valuable information on nature of the veins. Gold values of $14 a ton had been anticipated but recovery plus tailings ran over $20 a ton. Ore was taken from all known ore shoots and three considered marginal returned good values. Taking down backs above the drifts increased tonnage available.

Ore bodies occur in a wide shear zone which extends for a considerable distance. Best surface showings are 1,000 ft. east of the workings so chances of extending present ore showings appear good. Typical conditions are found all along the shear zone. A long drive on the 150-ft. level will be extended to test to the east on completion of shaft sinking. A crosscut to test a showing to the south will also be continued with resumption of development.

Flat-lying Veins

Early development of the Cochenour-Willans deposit was hampered by insufficient information on character of various ore shoots. Veins are now known to be not vertical but flat-lying, dipping to the southwest as depth is reached. First drifting exposed only part of ore shoots and there was little structure to indicate where ore should be. First exploration on the 275-ft. level did not give results comparable to the 150-ft. level but later work revealed very good ore.

First underground work was done by Hollinger Consolidated Gold Mines in 1934 and 1935 when the property was still owned by the Cochenour-Willans Syndicate. Hollinger put down the shaft and spent $100,000 before dropping its option. Values were good but results could not be correlated. The present company was formed in 1936 and put the mining plant on the property. Funds ran out and work did not really get going until 1937. Work was again stopped to be resumed in January, 1939.

Total 1,735 ft. of Ore

Lateral work has opened up 1,735 ft. of lineal ore. This comprises 1,035 ft. on the 150-ft. level and 705 ft. on the 275-ft. level. In no place has the ore been delimited with the possible exception of the No. 4 east drift on the 150-ft. level. Raises put up on ore at various points on the 275-ft. level have disclosed vertical extensions of the 275-ft. level zones. One is proved within 35 ft. of the 150-ft. level.

Most of the work so far completed has been at the 150-ft level. It was from here ore was shipped to the Gold Eagle mill and real values were first learned. A few short lengths of ore had been opened up in previous work at the 275-ft. level and when results were obtained on the 150-ft. level, the management believed the solution to ore deposition was known. Underground work confirmed this.

The No. 4 ore body is the most important at the 150-ft. level. It has been opened up for over 320 ft. with widths from 5 to 23 ft. About two thirds of the ore shipped to the Gold Eagle mill came from this vein. Values compared favorably with any others obtained.

Results On 275-ft. Level

Results at the 275-ft. level are interesting since this is where most recent work has been concentrated. In the 202 drift 230 ft. of ore has been opened up. The section west of the 201 crosscut has been the highest grade and visible gold occurs frequently. No slashing has been done but drift indications are a minimum width of 5 ft. of ore. Ore length in the 201 drift is 135 ft.

Structure of the ore body in the 203 drift has not yet been solved and considerable further work remains to be done. A length of 60 ft. has been opened up. W. P. Mackle, the mine manager, believes this will eventually prove an important zone. The 206 drift has developed 140 ft. along its zone of which 90 ft. is ore.

The 207 drift has 190 ft. of ore, with good chances of extension. A box hole beyond drift ore indications gave $142 a ton.

During shaft sinking a limited amount of diamond drilling has been carried out underground. Two holes from the 150-ft. level have intersected what appears to be a new ore body with the one hole so far assayed running $21.70 across 5 ft. The holes were put down from the No. 1 east drift at an angle of 45 degrees, making the intersections about midway between the 150 and 275-ft. levels. An estimated 90 to 100 ft. of drifting to the east will be necessary to reach the location of the drill intersections.

The mill was designed and its construction is being carried out by Shoemaker and Burnham. Estimated cost is $150,000, of which about a third has already been paid.

Financing is being carried out by sale of treasury shares and all options have so far been exercised on or before their due dates at prices as high as 45c. a share. Oct. 15 option installment on 50,000 shares has been taken up and a balance of 410,000 shares remains to be taken up at 42½ to 75 cents a share. As 2,430,455 shares have been issued, approximately 160,000 shares will remain in the treasury when all shares covered by agreements are taken up.

If all shares covered by agreements are taken up the company will have a comfortable working capital position. This should allow directors to consider dividends much earlier than would otherwise be the case. The company has contracted for supplies well into next year to avoid any increase in costs.

Much of the credit for solving the complex Cochenour - Willans ore problem goes to W. P. Mackle, the mine manager. With W. M. Cochenour, the president, Mr. Mackle never lost faith in the property through the maze of difficulties usually encountered by new mines.

G. M. Huycke, the secretary-treasurer, has been responsible for financing arrangements as well as routine work connected with every developing mine. Both Mr. Huycke and G. D. Wotherspoon, another director, are members of Osler Hoskin & Harcourt, Toronto legal firm. Also on the board of directors are Alex McKenzie, vice-president, better known as the assistant general manager of the Manufacturers Life Assurance Co., and S. G. Gibson, Hamilton.

Week in Oils

British Dominion Makes Five-Field Drilling Plan

Big New York Money Gets Into Canadian Oil Picture — Huron County in Ontario Is Included in Tests Planned

From Our Own Correspondent

CALGARY.—A large scale development programme involving five fields, including four in Alberta and one in Huron County, Ontario, is planned by the British Dominion Oil & Development Corp. This was disclosed in an exclusive statement to The Financial Post by Thomas F. Lee, new president of the old Alberta oil company.

Under the plan, final details of which are now being worked out, a private New York group will join with British Dominion in testing the Ontario structure and the Lloydminster and Vermilion fields in Central Eastern Alberta.

A fourth field, Willow Creek, will be tested jointly by British Dominion and a Vancouver syndicate. The fifth field will be Moose Dome which is to be drilled by a Vancouver group.

Under the proposed agreement for the Willow Creek field British Dominion will supply a cable drilling rig, casing and the drill-site, and the Vancouver group up to $30,000 to cover drill costs. The two will share equally in any production. British Dominion will also turn over to the group a portion of its 2,600 acre block at Willow Creek. The field lies some 14 miles south of Turner Valley.

Moose Dome will be drilled by another Vancouver group, British Dominion retaining a 7½% gross royalty in the 80 acre lease turned over to the group for a drill-site. The group has purchased an option on the lease, and undertakes to commence drilling by December 30. British Dominion retains 145 acres adjacent to the drill-site, which is two miles south of the producing Moose No. 2 well.

* * *

Test Ontario Field

The Ontario field, which it is proposed to drill jointly with New York interests, is in Huron County, about 15 miles east of Goderich and 100 miles west of Toronto. Negotiations are being completed for a 5,000 acre block on this structure. The British Dominion geologist considers prospects good for oil and gas production from sands at depths from 1,300 to 1,500 ft. A large potential market for either gas or oil is available in the industrial area surrounding the field. Two wells were drilled for salt at the south end of the field some time ago, and encountered considerable gas along with some show of oil at around 1,200 ft. Michigan's oil fields are located just across Lake Huron, and some oil and gas is being produced to the south around Chatham.

* * *

Now Pick Drill Site

The Lloydminster and Vermilion fields, limelighted recently by the successful Royalties, Waintown-Battleview and Shaw-Franco tests, will be drilled in the immediate future by British Dominion and the New York group. Company secretary Hardie Turnbull and Geologist Russell V. Johnson are now selecting a drill-site on the 2,401 acre block held at Lloydminster, and arranging for acreage at Vermilion.

New life, and money, was injected into the British Dominion company a few months ago when control was acquired by a group headed by T. F. Lee and Fred Wehrhan of New York and Lester M. Keachie of Toronto. The present programme is the result. In addition to the interests in fields mentioned above, British Dominion holds 260 acres in Turner Valley, 160 acres of this being located in the Northern Extension; 162.5 acres at Whiskey Creek; 160 acres at Jumping Pound; 362.5 acres on the Kootenay Dome; and 1,566 acres at Steveville. All of these fields are now being tested by other companies.

* * *

Watch Centre West Flank

Turner Valley interest is centred on the Central West Flank. Completion here of Argus Royalties and Anglo Canadian No. 8 during the next few days will, if commercial production is obtained, start a drilling boom that will rival the South Turner Valley boom of the past three years. Argus will prove at least a fair commercial well, it is believed.

* * *

Over 90 Producing

The recent completion of Royal Canadian 3 and Royalite 42 has increased number of crude oil producing wells in Turner Valley to ninety. Number of producers will soar over the 100 mark before the end of the year. With activity on the increase because of the war, 17 wells are now drilling and at least seven more are preparing to spud in.

Kerr-Addison Profit Higher

Higher production and operating profits feature the report of Kerr-Addison Gold Mines for three months ended Sept. 30, 1939.

Drilling and drifting extended dimensions of known ore occurrences during the quarter and construction on the mill enlargement proceeded. By the end of October all construction should be completed save for necessary revisions in the original portion of the mill.

Operating profit amounted to $232,906, before allowance for depreciation and taxes, for the September quarter, against $201,698 in the preceding quarter and $195,435 in the March quarter. Production of $509,819 in the three months ended Sept. 30, 1939, was obtained from 65,102 tons of ore milled for an average recovery of $7.83 per ton. In the preceding three months output was $467,233 from 61,964 tons, an average of $7.54 per ton.

Exploration disclosed further ore on each level. At the 175-ft. level, drilling picked up No. 15 ore body with a length of 280 ft. averaging 0.339 oz. gold uncut or 0.214 oz. cut grade across 29 ft. Two ore shoots were opened in drifting in No. 8 ore body. One length of 111 ft. averaged 0.196 oz. uncut or 0.163 oz. cut across 66 in. with the second length of 130 ft. averaging 0.368 oz. uncut or 0.232 oz. cut across 83 in.

Mining Concentrates

Amm Gold Mines has sold 15,000 shares at 5 cents a share to R. J. Richardson and has been granted options on 55,000 shares at 6 to 10 cents a share.

* * *

Bralorne Mines has let a contract for construction of a 75-100 ton mill at the Nevada property of its wholly-owned subsidiary, Summit King Mines. Production is expected to commence before the end of the year. Good progress is being made in sinking the Bralorne Crown shaft which was down 50 ft. below the 18th level on Sept. 30. It has been decided to continue sinking to the 20th level, 900 ft. below the 14th or present bottom level. Development work between the 10th and 14th levels continues to yield satisfactory results, it is stated. Production in the September quarter was slightly lower than the previous quarter as shown below:

1939:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
3rd quarter ..	46,267	503	19.68	910,735
2nd quarter ..	45,959	505	20.74	953,015

* * *

Beresford Lake Gold Mines has 150,000 tons indicated in its new zone by diamond drilling to a depth of 250 ft., according to Dr. T. L. Gledhill, consulting geologist. Two drill holes, Nos. 6 and 7, were completed recently. No. 6 cut three gold-bearing sections varying in width from 8.5 to 19 ft.. No. 7 hole, 100 ft. to south and parallel to No. 6, cut these same zones and also indicated another ore band, it is stated.

* * *

Cournor Mining Co. established a new record for production in September with output of $60,500 obtained from 6,176 tons of ore milled. Of 7,946 tons of ore mined, 6,084 tons were taken from the Beaufor section and 1,862 tons from the Cournor mine. Diamond drilling gave some encouragement in September. One drill hole at Beaufor, just west of the main crosscut at the 325-ft. level gave 8.2 ft. of core averaging one ounce gold per ton. True width was estimated to be about half the core intersection. At the Cournor mine, two veins were intersected east of the 663 vein. The 663 vein apparently pinches out in the present drift face but present drilling shows ore occurs again along the break further east.

* * *

Denison Nickel Mines Oct. 5 option installment on 25,000 shares at 12½ cents a share was extended to Oct. 20, and a corresponding 15 days' extension has been given in connection with all subsequent installments.

* * *

Electra Porcupine Mines annual statement shows current assets of $14,484 as at July 31, 1939, against current liabilities of $444. In addition company held 200,000 shares of Three Lakes Gold Mines. Three Lakes holds 78 claims in the Goudreau-Lochalsh area. Diamond drilling assessment work is stated to have revealed interesting values. Annual meeting has been called for Oct. 25.

* * *

Gold Eagle Gold Mines will issue a quarterly report shortly. The new ore body is being opened satisfactorily on the 375-ft. level, it is stated, and levels below are yielding mill feed of good grade. September production may exceed that for August which was an all-time record.

* * *

Gurney Gold Mines expects to suspend milling operation about Oct. 31, due to exhaustion of all developed ore. Company's fiscal year ends on Oct. 31 and the annual report will be prepared as soon as possible thereafter. The annual meeting will be called for an early date.

* * *

Jason Mines has intersected the No. 1 vein on the 375-ft. level. A width of 7 ft. of black quartz was cut carrying free gold.

* * *

Magino Gold Mines, successor to Algoma Summit Gold Mines, has mapped out a development programme and plans to resume milling within three months. The mill has a rated capacity of 500 tons and will be operated at 150 tons daily on selected ore. It will be stepped up later as conditions justify. Mining Research Corp. is in charge of operations.

* * *

Paulore Gold Mines has had its shares removed from trading on the Toronto Stock Exchange. No work is now being carried on at the company's property in the Red Lake area.

* * *

Malartic Gold Fields expects to start milling by Dec. 15. Building steel has been delivered to the property and part of the mill machinery is on the way. Ore lengths on three levels are as follows: 637 ft. on 175-ft. level averaging $19.60; 679 ft. on 300-ft. level averaging $14, and 45 ft. averaging $12.60 on the 425-ft. level. Full ore widths have not yet been determined.

* * *

Rahn Lake Mines Corp. expects to start its 200-ton mill for production of asbestos fibre very shortly, officials state. Some orders are said to be on hand from United States firms. The deposit is reported to have surface dimensions of 3,400 by 1,700 ft. and has been proved to persist to 150 ft. depth. Material will be mined by open pit methods. Crushing will be done at the mine and rock will then be shipped to the mill at Elk Lake for final treatment.

* * *

Santiago Mines is now carrying on development at its gold-copper property on Lasqueti Island, B.C., 60 miles northwest of Vancouver, according to R. Crowe-Swords, president and manging director. The new adit level encountered the SOS vein 45 ft. from the portal showing a width of 4 ft. It is planned to drift this vein for some distance, and to make shipments of ore until a mill is justified.

* * *

Smelter Gold Mines is having diamond drilling carried out on its new discovery at Rowan Lake, Ont. The Jowsey - Drummond - Hay interests are putting up the money for this work. Results from first drilling are expected shortly.

Steep Rock Listed On Toronto Mart

Shares of Steep Rock Mines were called for trading on the Toronto Stock Exchange on Oct. 18 with ticker abbreviation SR. Listing covers 5 million authorized shares of which 2,985,005 have been issued. All the issued shares, except five incorporators' shares, are included in a voting trust agreement so voting trust certificates will be traded on the Exchange.

Over 180 drill holes are stated to have been put down at Steep Rock Lake since fall of 1937. Drilling has indicated a body of high-grade hard hematite iron ore, of which the indicated length is 4,000 ft. and the width from 150 to 300 ft. The greatest depth at which the ore has been cut by drilling is 1,800 ft.

Balance sheet of the company as at Aug. 31, 1939, shows current assets of $362,890 including $361,382 cash. Current liabilities were $39,358. Since Aug. 31, 10,000 shares have been taken up at 97½ cents and 5,000 shares remain to be taken up at the same price in November.

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Montreal Brokers' Loans Record Small Increase

From Our Own Correspondent

MONTREAL.—Collateral borrowings of member firms of the Montreal Stock Exchange at the end of September amounted to $9,982,455, an increase of only $173,813 from the previous month's figures. At the end of Sept., 1938, loans amounted to $13,377,046.

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Canada's War Metals—Iron

Ore Deposits in Canada So Far Little Developed May be Tapped in War

This week The Financial Post presents the fifth of its series of articles on the munitions metals and reviews the position of iron in Canada and the world.

How is the British Empire situated as regards iron resources?

While potential sources of iron supply are great, the British Empire is believed to be producing considerably less than required for her own needs. This may not be a disadvantage in wartime, however, if we can cut off Germany's iron supplies by buying in its sources of ore supply. Great Britain has large supplies of iron ore at home but much higher grade ore must be imported.

The Wabana iron mine in Newfoundland has tremendous reserves but the high phosphorus content of the ore has so far restricted British demand for it while other more desirable supplies have been available.

Greatest and best potential source of supply of iron ore for the British Empire is in southeastern India. Reserves in these deposits are not only the largest in Asia but rival those of Brazil for supremacy. One billion tons of actual ore and another billion tons of potential ore are reported.

* * *

What are the world's chief producers of iron?

France is the world's largest producer of iron ore. The United States, which is in second place, turns out about 15% less. Output of the main iron ore producing countries in 1938 was as follows:

	Metric Tons
France	33,137,000
United States	28,903,861
U. S. S. R.	27,000,000
Sweden	*14,952,549
Germany	13,585,650
United Kingdom	12,049,540
Luxembourg	5,048,965
Algeria	3,105,037
British India	2,885,357
Spain	2,513,000
South Australia	2,281,404

*Figure for 1937.

* * *

How much iron ore is used in Canada?

Last year 1.2 million long tons of iron ore were used in Canadian blast furnaces. As no iron ore was being produced in Canada, the entire amount is imported most of it from the Lake Superior iron ranges of the United States, the remainder from Newfoundland.

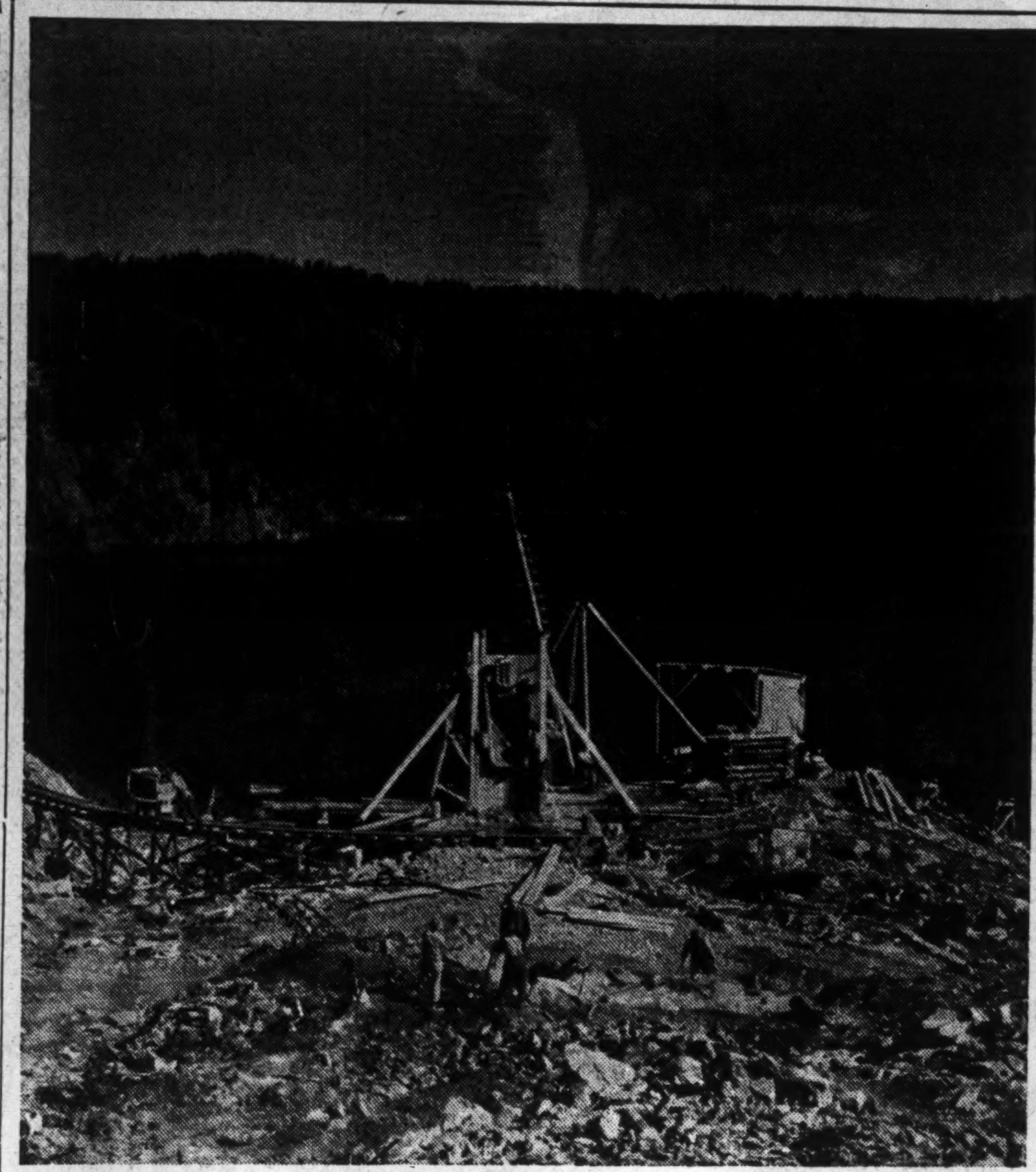
Actual demand for iron in Canada is not accurately reflected by imports of iron ore. Tonnage of pig iron imported is practically double the total of iron ore brought into the country. Only three Canadian steel producers, Dominion Steel and Coal, Steel of Canada and Algoma Steel Corp., are equipped to handle iron right through from the iron ore.

* * *

How does Canadian iron ore production compare with that of the last war?

Iron ore production in Canada is closely comparable to that at the outset of the last war. In 1914 Canada produced 244,854 tons of ore. While no iron ore was produced in Canada from 1923 to July of this year, output is currently running at the rate of 300,000 tons annually. If the war lasts a period of years, production should exceed average annual output last war.

All production at present comes from new Helen mine of Algoma Steel Corp., but production from Steep Rock Mines is expected to commence on opening of navigation next year. The latter property is being equipped for production at a minimum rate of 2,000 tons daily or approximately 725,000 tons annually.



IRON MINE DEVELOPMENT ADVANCES

The shaft at Steep Rock Iron Mines, shown in the foreground, is now down around 100 feet and is to go to around 1,200 feet. Shown here is the temporary headframe which is to be replaced very shortly with the new three-compartment heavy duty equipment. The lake here is said to be about 200 feet deep, and the ore body toward which crosscuts are to be started when the shaft is completed is about 1,000 feet away from the near shore. All buildings have been completed and the change-over from Diesel to hydro-electric power will be effected any day.

* * *

What are the principal iron deposits of Canada?

Extensive iron deposits are known to exist in Canada but only the new Helen mine of Algoma Steel Corp. is being utilized at present.

Steep Rock Iron Mines at Atikokan has a deposit of high grade hematite. Considerable work is necessary to prepare it for production since the ore body is below Steep Rock Lake. A shaft is now being sunk and has reached over 100 ft. depth. Consideration is being given to draining Steep Rock Lake to facilitate mining.

The new Helen mine in the Michipicoten area of Ontario started production last July and is capable of producing 300,000 tons annually from the first sintering unit installed.

Iron is also obtained as a by-product of copper production, in iron pyrites, at the Aldermac Copper Corp. mine in Quebec.

Deposits of iron ore exist in Quebec east of Hudson Bay, and efforts to develop them have been under way for some years. Like the iron deposits of Belcher Island in Hudson Bay, they are rather inaccessible, which may prevent their profitable exploitation for some time.

The general area in which the Steep Rock deposit is located is stated to possess possibilities of other deposits while many sections of Canada should be favorable for finding of new iron deposits.

Work at Steep Rock is not sufficiently advanced to allow an accurate estimate of reserves but a very large reserve seems to be indicated. The iron ore is so hard that drill holes have only been able to penetrate the surface a short distance. One engineer believes that 100 million tons of high grade hematite will be obtained above the 1,000-ft. level. The deposit has been proved to 1,500 ft. and geological indications are for possibly much greater depth. Two other deposits have also been indicated by drilling near by which could prove important.

At the Algoma Steel Corp. new Helen mine, reserves are estimated at 65 million tons, sufficient to operate a plant of twice the present size for 100 years.

* * *

Is Canadian iron ore as desirable as that imported from the United States?

Working of a large number of iron deposits allows the United States to produce a larger number of grades of iron ore than Canada. From this angle, the United States has an advantage. Iron in the Steep Rock deposit is free from many impurities but its extreme hardness may in some cases prove a disadvantage. Grade of the hematite iron ore in the Steep Rock deposit is expected to compare favorably with that produced in the U. S.

The ore in the new Helen mine of Algoma Steel Corporation is siderite and rather low-grade (35% iron content), but beneficiation raises content to 51.5%. Beneficiation or sintering might ordinarily make working the deposit uneconomical but the Ontario Government provides a bounty of 2 cents for each 1% iron content of ore produced, which in this case amounts to around $1 per ton.

* * *

What effect will war have on iron production in Canada?

Canadian iron production should be stimulated by war. Already decline of the Canadian dollar has raised the price of iron ore imported from the United States. This provides one definite incentive for increasing production in Canada.

From the national viewpoint, domestic production of iron ore is very desirable in wartime. It cuts requirements of foreign exchange to be purchased abroad. Should manufacture of munitions cause a great increase in consumption of iron ore as it did in the last war, more inducements might be considered for iron ore production in our own country.

* * *

Does Germany produce iron ore for her requirements?

No. Production of iron ore in Germany is only a third of peacetime requirements. Acquisition of Czecho Slovakia and Poland did not change the position materially. Domestic German ore has an iron content but half that of imports and gives only a poor quality of iron and steel. In the past it has usually been mixed with higher grade foreign ore. The $175 million Goering iron mines produce iron ore grading only 30%. Good quality hematite iron ore usually runs 50% iron or more.

* * *

Have Germany's foreign sources of ore been cut off?

The Allied blockade has already cut off a considerable portion of German iron ore imports. Five million tons have been secured from France annually and a considerable tonnage from Newfoundland. Germany can no longer hope for supplies from either of these sources.

Of German imports of 22 million tons of iron ore in 1938, however, approximately 10 million tons came from Sweden which cannot be cut off without British control of the Baltic.

* * *

What is being done to prevent supplies of iron ore reaching Germany?

The British blockade is, of course, the chief factor in preventing iron ore reaching Germany. Negotiations are also being carried on by the United Kingdom for half the Swedish output of iron, most of which is reaching Germany at present. With Germany handicapped by a shortage of foreign exchange, British money may prove very attractive to Swedish producers. Britain can well afford to pay more than the Germans in a case like this.

North American Molybdenum Corp. has work under way at its property in Renfrew twp., Ont. A contract has been let for geophysical survey.

Mining Enquiries

Royalite Oil

Kindly give me some information on the holdings and earnings of Royalite Oil Co.

Royalite Oil Co. has the largest holdings of potential and producing petroleum and natural gas properties and is the largest operator in Turner Valley, Alberta. On June 1, 1939, the company held a total of 10,150 acres of potential oil property.

Net profit for the year ended December 31, 1938, amounted to $1.80 per share compared with $1.60 in the previous year. Although production is restricted by proration, it appears likely that the profit for this year will compare favorably with 1938.

Since outbreak of war, operators in the Turner Valley have been hoping for an increased demand for Turner Valley crude oil. This, they feel, would have not only the effect of increasing revenue from present wells but would encourage exploration for new crude oil pools in Alberta.. Decline in the Canadian dollar had the effect of placing a protective tariff on Canadian producers although importation of Montana crude oil into Alberta is still a source of irritation for Turner Valley producers.

McIntyre Porcupine

How does McIntyre Porcupine Mines stand up with other Canadian senior mining stocks? What is record of earnings and the situation as regards dividends?

McIntyre Porcupine Mines has proved itself to be one of the most stable mining stock investments in Canada over the last few years. Earnings have shown a relatively small fluctuation with net profits for fiscal years ended March 31 as follows: 1939, $4.24; 1938, $4.50; 1937, $4.29; 1936, $4.03; and 1935, $4.49. Directors have followed a very conservative policy in regard to dividend distributions with payments for each of these years amounting to but $2 per share. This has allowed the building up of a strong working capital position, however, with working capital as at March 31, 1939, equal to about $23 per share on each of the company's 798,000 outstanding shares. A more liberal dividend distribution policy is now planned and an extra dividend of $1 per share should be declared in the present month. Consideration of extra dividends is to be given at the end of each calendar year, when the situation then existing can be reviewed.

Probably the most important development in the McIntyre situation in the last few years has been the discovery of the rich No. 25 ore body. This ore body is much richer than others. At the 1939 annual meeting it was stated that a total length of 2,800 ft. has been opened up on four levels averaging approximately one ounce of gold across an average width of 12 ft. The vertical limits of the ore body had not been defined. The new ore will have the effect, however, of lengthening the life of the mine and permits development of marginal ore bodies without any adverse effects on profits. Along with other gold mining companies McIntyre is now realizing a premium on all its gold production. This should more than offset any increase in costs for some time to come.

Disposing of Stock

I am an American citizen and the owner of 75 shares of Noranda Mines. Can I sell these shares in Canada and receive payment in American funds? If necessary Canadian funds could be left on deposit in Canada for some time to come.

Present regulations of the Foreign Exchange Control Board prohibit importation of securities into Canada for conversion into Canadian or American funds. The Board feels that even though Canadian funds should be left on deposit here, the possibility would still exist they could be smuggled out of the country to depress the Canadian dollar abroad.

A permit might be issued by the Board allowing you to sell your shares for purchase of an equivalent amount of other Canadian securities. This could not likely be of any help to you, however, A market exists in the United States for Noranda shares, but the price is lower than in Canada, even allowing for the difference in exchange. This difference is due to exchange regulations.

Hudson Bay M. & S.

Please give me some information on the current earning position of Hudson Bay Mining & Smelting Co. How is war likely to effect it?

Hudson Bay Mining & Smelting Co. had an estimated net profit of $2,243,591 in the first six months of 1939, equal to 81 cents per share compared with earnings of $1.61 a share in the full year 1938. Earnings in the second half of 1939 have likely been running at approximately the same rate as in the first half, since there has been no great change in prices of copper and zinc in Canada. Hudson Bay Mining & Smelting Co. is one of the companies making a contract with the British Ministry of Supply for sale of all its copper output. While no statement has been made, it is anticipated that copper will be sold at a price of approximately 10¼ cents a pound with the purchaser paying the freight. This would give producers a slightly higher price than was experienced for the full year 1938. It is feared in some quarters that costs of production for Hudson Bay Mining & Smelting Co. may show some increase due to increased demand for supplies and labor in wartime. So far it is too early to estimate just how serious any such increases might prove, but possibly contracts with the British Ministry of Supply will make allowance for increase in costs. The company is maintaining its strong working capital position with working capital at the end of 1938 amounting to over $10 millions, the equivalent of $4 per share on each of the company's issued shares.

Minewise the company is in a sound position. Ore reserves at the end of 1938 were not only higher in total tonnage than those reported previously at the end of 1935. but average values in copper, zinc, gold and silver were also higher. At the present time, ore reserves are well over 15 years' milling requirements. Exploration has revealed no tendency of ore bodies to diminish in importance at depth.

C.I.O. Again Active In B.C.

Walkout at Pioneer Mine Tests B. C. Labor Act

From Our Own Correspondent

VANCOUVER. — British Columbia's new labor legislation, compelling arbitration of industrial disputes prior to strikes being called, is receiving its most severe test with a walkout of 150 miners at Pioneer Gold Mines in the Bridge River district.

Particularly significant is re-entry of the C.I.O. into ranks of B.C. mining labor.

The point at issue this time is admittance of a committee representing the C.I.O. union as a bargaining agency. Management of the Pioneer Gold Mines, headed by Col. Victor Spencer, Vancouver, department store operator, and Dr. Howard T. James, managing director, maintains that the bargaining agency should represent the entire crew of the mine; that at least 80 of the company's employees are not members of the union, which besides recognition seeks increase in wages.

Regard Strikes as Illegal

The Government of British Columbia regards the strike as illegal, and Hon. George S. Pearson, minister of labor, who sent M. H. McGeough of his department to act as conciliator, declares the dispute is a challenge to the Government, "which will be met."

Two miles from the Pioneer mine is the Bralorne mine. While no strike is threatened there, 150 members of Bralorne underground workers' organization held a mass meeting recently and endorsed the stand of the striking Pioneer miners. A labor dispute at Privateer mine is now being investigated by the Government.

Must Use Conciliation

Under the new Arbitration Act passed by the B. C. Legislature, conciliation must be sought first. Failing efforts of the conciliator to compose matters, arbitration must then be resorted to, and it is only when this fails that a strike may be called. The act states two weeks must elapse after the men have voted in favor of a strike, following secret ballot on an arbitration award, before a strike can take place.

War Moves Coal East From Alberta

Imports From Foreign Countries Are Greatly Reduced

From Our Own Correspondent

EDMONTON. — Wartime curtailment of Canadian imports from foreign countries may provide a major "shot in the arm" for Alberta's coal industry. Increased movement of Alberta coal to the Ontario market is reported with the war only several weeks old.

With imports restricted, coal operators here believe Alberta will gain a wartime hold on the Ontario market, and even may acquire a permanent eastern outlet for their product.

Alberta coal men have sought to break into the eastern market for years, but could not overcome Ontario consumers' preference for types of coal provided by importers. Now Alberta's producers feel they may be given a chance to sell coal in Ontario for a sufficient period to create among consumers a desire for the western coal, gaining a permanent market of considerable proportions.

Imports have been greatly cut down from Wales, Belgium, Germany, Russia and even from the Pennsylvania fields, coal mine operators here report.

Fairview Amalgamated Gold Mines has closed down its property in the Yale district of British Columbia as Mountain Copper Mining Co., has been unable to transfer funds from London, Eng., for further work under its option.

Privateer Extends No. 2 Vein Length

Total of 390 ft. of Ore Disclosed on 900 Level So Far

From Our Own Correspondent

VANCOUVER. — A second ore shoot of importance has been disclosed on Privateer's No. 2 vein, according to President D. S. Tait.

On 900-ft. level the first ore shoot was 350 ft. in length. The drift continued in the fissure for approximately 50 ft. and continuous values were found again for approximately 40 ft. with the face still in ore.

Privateer has thus opened about 390 ft. aggregate ore length in its second vein, on the 900-ft. level. The ore is said to be good commercial grade. Muck broken across six feet includes much waste, but this development rock is going to the mill as satisfactory feed.

Drifting on the Prident has been temporarily suspended while a raise is being driven for ventilation purposes and to come under a known oreshoot developed by the tunnel above. The raise, up 30 ft., has encountered values, although it started in material which was not ore.

Substantial tonnage from the Van Isle workings is indicated by recent development.

Privateer mine, biggest operator at Zeballos, was operating with a skeleton crew after October 12 as a result of labor trouble, and the Government has started an investigation. Seventy-nine men were dismissed by the management as a result of a series of altercations.

Canada Northern Area More Active

Continued Expansion of Mine Properties Adds to Power Load

From Our Own Correspondent

MONTREAL. — Canada Northern Power Corp. reports a continued "gratifying activity" in mill construction and additions to mill equipment in most of the mining districts served by the company, including the erection of the mill at Waite-Amulet, which is now ready for operation.

Good progress has also been made on the mills of Upper Canada Mines in the Larder Lake area. Preparations are being made for the operation of the Morris Kirkland mill by its owners. This mill has been utilized by Upper Canada Mines during the time their own mill was being built.

More Mills Operating

In the Cadillac area, Wood Cadillac Mines has commenced construction of a mill, while at East Malartic Gold Mines in Fourniere Township, Sigma Mine in Bourlamaque Township. Quebec, and at Kirkland Lake Gold Mines in Teck Township, Ontario, additional milling equipment is being installed.

The transmission line connecting the property of West Malartic Mines with Canada Northern Power system has been completed and power is now being delivered.

During the past quarter a contract was entered into with Senore Gold Mines, whose property is located in Pascalis Township, Quebec. The transmission line has been built and power turned on.

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To The Canadian Mining Industry

In addition to Coal and Gold, the following metals have been found in Nova Scotia:

MANGANESE
TUNGSTEN
ANTIMONY

- Occurrences of Molybdenum and Tin are also known.
- All the foregoing minerals are required for war purposes.
- Many of the Nova Scotia deposits were worked during the first World War.
- These projects are now available for exploration, development and operation.
- Other favourable areas are open for prospecting.
- Deposits of Industrial Minerals including Salt, Gypsum, Diatomite, Barytes, Dolomite (Mineral Wool), etc. are worth investigation.

FOR INFORMATION APPLY TO:

DEPARTMENT OF MINES
Halifax Nova Scotia

HON. L. D. CURRIE, *Minister*
A. E. CAMERON, *Deputy Minister*

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